

If we take the last published accounts, bringing the statement down to July 1, 1885, we find that the gross debt of the Dominion at that time was \$264,703,607. But, against this gross debt, the Dominion held available assets to the value of \$68,295,915. These assets consisted of cash in hand, of loans to various companies and trusts, of sinking fund equivalent to cash, and other investments. That these assets were good is shown by the significant fact that the interest earned by them in 1885 amounted to \$2,694,333, or at the rate of \$3.94 for every \$100, while upon our debt we paid out \$3.80 upon each \$100. The assets were worth more dollar for dollar than an equal amount of the public debt reckoned by the true test of the interest rate.

We have, therefore, to deduct from the gross debt of \$264,703,607 the assets \$68,295,915, and so arrive at the net debt of Canada July 1, 1885, viz.:—\$196,407,692. There can be no doubt about the fairness and truth of this. To get at the financial standing of a man or a commercial house you must find out not only how much he owes, but, as well, how much he owns. The balance will show his position, and the same is true of a country. But to simply say that the net real debt of Canada July 1, 1885, was \$196,407,692 does not by any means give you a fair idea of the whole truth of the matter. Was all this debt incurred by the Dominion and for Dominion purposes from 1867 to 1885? If so, it might well be deemed an extravagant increase. But what are the facts? The Provinces before confederation owed certain debts, incurred by themselves, and which would have to be borne by themselves had there been no confederation. Since confederation, these Provinces have incurred other debts which would have been incurred and must have been borne by the Provinces had they not been united in a confederacy. These Provincial debts, to the amount of \$100,815,214, have been assumed by the Dominion and carried by the Dominion and form a part of the net indebtedness. If we subtract the Provincial debts from the net debt we have left \$89,592,478 as the net and real debt of Canada incurred from 1867 to 1885 for Dominion purposes. Now, what have we to show for this? Has the money been wasted? Or, has it been so expended as to show today a value equivalent in matter of cost, and a service equivalent to the expenditure? Let us see. We have built our 1,100 miles of Intercolonial Railway, threading P. E. Island, and reaching from St. John and Halifax away to join the central railway systems of Canada at Quebec. This cost on capital account \$30,681,390.

We have an unrivalled system of water communication in the St. Lawrence and lakes, which by means of canals and channel deepening, has been made the finest transport medium in the world. A few years since and vessels drawing more than 8 feet of water could not reach Montreal. Now the grey-hounds of the sea, drawing 27½ feet, can run up the St. Lawrence and load and unload their treasures at Montreal in the very heart of the old Provinces, while vessels of 14 feet draught can make their easy way 2,500 miles inland from the gulf and tap the trade of Northwest America in the very heart of the Continent. On this Canada has spent on capital account \$28,000,000.

That great Canadian undertaking, the Canadian Pacific Railway, leaves the Atlantic coast, stretches across a thousand miles of level prairie, pierces the Rocky Mountains, descends the valley of the Fraser River and stops not until it reaches at Port Moody, the waters of the Pacific, and gives to and receives from the ships that come there from San Francisco, from China and Japan, the ever increasing richness of trans-oceanic trade. In this gigantic enterprise Canada has paid \$57,000,000 of her money.

Add these together and you have over \$115,000,000 of public money represented in these great works alone. That is, for an added net indebtedness of about \$90,000,000, we can point to these three invaluable systems of communications as worth far more than the whole added debt. These do not include the vast improvements and extension made in our light-house system, the public buildings, the harbors, the piers, the breakwaters and other public works, which place Canada today in the van of young nations in security and convenience for trade and commerce.

In the face of these facts who shall say that our increase of debt has been extravagant, or that we have not a precious and serviceable equivalent to show for it? And I have not made any mention of the Northwest, the payment for which is included in the debt, and whose available fertile lands at a valuation of less than one dollar per acre are more than sufficient to offset the whole debt.

THE BURDEN OF DEBT MEASURED BY INTEREST PAID.

But the burden of the debt of a country is measured by the annual interest which is paid in order to carry it. What is this annual interest and what has been its increase?

In 1867 when the Dominion had not incurred a dollar of debt but was simply carrying the old provincial indebtedness the people paid as interest \$1.29 per head. In 1874, the first year of the Mackenzie Government, the amount paid to carry the debt was \$1.34. In 1879, when Mr. Mackenzie had left office it had risen to \$1.59 per head, and in 1885, after all the added debt of which so much talk is made the per capita interest payment was just \$1.59, not one more than in 1879.

This is an unanswerable argument to those who cry out that the burden has become intolerable by reason of the extravagant increase of the Public Debt from 1879 to 1885.

But how is this explained says one? We owe more and still our interest charge is not