

Reserve for Possible Losses on Ultimate Realization of Active Assets

The sum of \$75 million will be added to the reserve during 1952-53 and a corresponding amount will be shown as an expenditure in the Government's accounts. No charge or write-off to the reserve is expected during the year, the balance at March 31, 1953, being estimated at \$545.9 million.

C. DECREASE IN NET DEBT

The estimated surplus of \$47.8 million for the fiscal year will result in a corresponding decrease in the net debt of Canada, reducing it from \$11,185.3 million at March 31, 1952, to \$11,137.5 million at March 31, 1953.

6. THE PUBLIC DEBT

Gross and Net Debt

The unmatured funded debt of Canada increased by \$142.2 million during the fiscal year. However, due to increases of \$132.7 million in other liabilities—principally in insurance, pension and guaranty, deposit and trust, and sundry suspense accounts—the gross public debt of Canada increased by \$274.9 million from \$17,532.2 at March 31, 1952, to an estimated total of \$17,807.1 million at March 31, 1953. During the same period, the net active assets increased by \$322.7 million, with the result that the net debt—which is the gross debt less the active or revenue producing assets—was reduced by \$47.8 million.

The following table shows the amount of net debt as at March 31, 1939, to March 31, 1953, inclusive, with the amount of annual increase or decrease.

NET DEBT
(In millions of dollars)

Fiscal Year Ended March 31	Balance at end of year	Increase or Decrease (—) during fiscal year
1939.....	3,152.6
1940.....	3,271.3	118.7
1941.....	3,648.7	377.4
1942.....	4,045.2	396.5
1943.....	6,182.8	2,137.6
1944.....	8,740.1	2,557.2
1945.....	11,298.4	2,558.3
1946.....	13,421.4	2,123.0
1947.....	13,047.8	- 373.6
1948.....	12,371.6	- 676.1
1949.....	11,776.1	- 595.5
1950.....	11,644.6	- 131.5
1951.....	11,433.3	- 211.3
1952.....	11,185.3	- 248.0
1953 (Estimated).....	11,137.5	- 47.8

Unmatured Funded Debt

The unmatured funded debt of Canada is expected to total \$14,837.6 million at March 31, 1953. This is \$142.2 million more than at the end of the previous year, but \$1,969.6 million less than at March 31, 1946. Notwithstanding this substantial decrease it is still \$11,451.9 million more than the total of \$3,385.7 million at March 31, 1939, the end of the last pre-war year. Interest charges on the funded debt amounted to \$389.5 million in 1952-53, an increase of approximately 230 per cent over the total of \$118.1 million in 1938-39. However, as the gross national product rose from \$5,233 million in 1938 to \$22,984 million in 1952, an increase of approximately 340 per cent, the relative burden