

C 55961

DOMINION FINANCE IN RECENT YEARS

Part I. General Review

To the acute and impartial observers such as were to be found among our friends to the south of us, it seemed a few years ago that the financial situation of the Dominion was decidedly precarious. Our net debt had been increased between 1914 and 1921 by the enormous sum of over \$2,000,000,000. The annual interest paid upon that debt in 1921 exceeded the total revenues of the Dominion in any year up to 1913, and was more than ten times as large as the interest paid before the war. The Canadian dollar, as our citizens knew to their cost, was at a substantial discount in New York, 118 Canadian cents being the equivalent of an American dollar in December of 1920. The extent of our difficulties in 1920 and 1921 may be seen in the price which we had to pay for money, as shown on page 14 of the introduction to the public accounts for 1921, where it is stated that under an order in council of Nov. 27, 1920, \$25,000,000 of 7 per cent 20 year gold debenture bonds of the Grand Trunk Railway Co., guaranteed as to principal and interest by the Government of Canada, were sold to a New York firm at the price of 94½, the money thus obtained costing the railway fully 7½ per cent, though raised with the guarantee of the Government. On that loan and on others raised under similar onerous conditions, the Canadian National Railways is

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