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## THE DOMINION'S DEBT

At January 31st last, the net debt of the Dominion amounted to \$527,489,000, a growth of almost \$200 millions since the outbreak of war in August, 1914. The net debt of the Dominion was at that time about \$335 millions, representing a per capita debt on the basis of an estimated population of 8,075,000, of about \$42. In view of the drains to which the population of the Dominion has since been subjected, through economic causes as well as by war, probably the population of the Dominion hardly exceeds at the present time eight millions. On this basis, the net debt at January 31st last represents \$66 per capita. So that within the last two years and mainly as a result of the war, the Dominion's debt has been increased by \$24 per capita. Apparently, of the increase in net debt of \$192 millions already referred to, approximately \$160 millions is due to the war, the remainder being accounted for by continued expenditure in public works. From the latter, in due course, some return will be obtainable, as also from a large part of the pre-existing debt which had been incurred in the construction of reproductive works.

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The interest on the net debt for the fiscal year ended March 31st, 1914, totalled \$12,893,505, representing an average rate of interest of under 4 per cent. In view of the high rate which has had to be paid for recent borrowings, this average rate has undoubtedly shown a decided rise in the last two years. Probably at the present time, the annual interest charges upon the Dominion debt are fully twenty millions, an increase of approximately 55 per cent. upon the pre-war figures. To what extent the net debt and the annual interest charges will be ultimately increased depends, of course, upon the length of the war. But certainly in the course of the next twelve months a further addition of a minimum of \$150 millions to the net debt may be fairly expected and a consequent upbringing of the annual interest charges to \$27 or \$28 millions. Probably,

we shall have reason to consider ourselves lucky, if by the time that we have got through our direct war expenditure, the net debt is less than \$800 millions—\$100 per capita—with an annual interest charge of \$35 to \$40 millions.

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It is obvious that a debt of the size that is threatened, together with the large continuing expenses arising from the war in pensions, etc., will entail Dominion taxation on a scale considerably heavier than anything to which we have been hitherto accustomed. In due course, the burden will be lightened through new immigration distributing it over a larger number of shoulders. But, while having confidence in the eventual important influence of *post-bellum* immigration upon Canada, we shall do well not to base our expectations regarding it too highly—particularly in regard to European immigration. Probably the policy of more than one European government will be to encourage its people—particularly its men—to stay at home after the war, and there is as yet no certainty that this policy will not go so far as the direct forbidding of emigration. In view of this uncertainty and of the increased demands which Sir Thomas White must make upon the people of the Dominion almost at once, it may be hoped that the Provincial authorities will consider it a duty to practise economy in order to restrict their impositions upon taxpayers. Increased taxes will be paid cheerfully for war purposes, but not to bolster up extravagances in home administration.

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Apropos of this matter, we wish Sir Thomas White could see his way clear to follow the example of the British Treasury in the systematic dissemination of simple, definite information regarding the financial obligations which are now being assumed by the Canadian Government. Popular ignorance on this important subject is profound and nothing is being done to enlighten it. Ninety-nine per cent. of Canadians never see the *Canada Gazette*, in which the Government's monthly financial

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