

The Policy of Balancing the Budget.

At this juncture a new policy was adopted, that of balancing the budget at all costs and, if possible, reducing the tremendous dead-weight of war debt which hung like a millstone around the necks of the people of Canada. Three years passed before the effects of this policy were fully realized. The addition to the debt in the fiscal year ended 1923 was only \$31,000,000. The reduction of the debt in 1924 was \$36,000,000. Again there was a slight reduction in 1925, with the result that in that year the net debt was \$2,417,000,000, or \$5,000,000 less than in 1922. This three year period may be called the period of balancing the budget.

Three Years of Debt Reduction

In the last three fiscal years we have had a period of debt reduction:

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| Reduction in fiscal year ended 1926 | nearly | \$28,000,000 |
| " " " " " 1927 | " | \$42,000,000 |
| " " " " " 1928 | " | \$51,000,000 |

This makes a total reduction of \$120,000,000 in the three year period, which would have been \$16,000,000 greater but