

C 55974

Dominion Finances in Recent Years

*Condensation of article
by Lubbock, 1925.*

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.

Increase in Net Debt from 1914 to 1921 = \$ 2,000,000,000.

In 1921 annual interest upon debt exceeded the total revenues of the Dominion in any year up to 1913. The annual interest was ten times as large as the interest paid before the war. The Canadian dollar was at a substantial discount in New York. In December 1920, 118 cents was the equivalent of the American dollar.

In 1920 7 $\frac{1}{2}$ % twenty year gold debenture bonds of the Grand Trunk Railway were sold to a New York firm at the price of 94 $\frac{1}{2}$ ¢. These bonds were guaranteed as to principal and interest by the Government of Canada.

Moreover, the additions to the national debt of Canada did not end with the war and with demobilization. Even in the post-war fiscal year ended March, 1921, the expenditures were \$2,000,000 greater than the revenues. In the succeeding fiscal year the deficit was \$81,000,000. It was surely high time for a change - and the change came about in 1921.

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