

Dealing first with the ordinary annual expenditure, as previously set forth, this had been increased in 1903 by \$13,559,897 over 1895. We propose to show that a large portion of this increase was brought about and absolutely necessitated by increased business; that a large part of it was counter-balanced by increased revenue; that a considerable portion of it was due to increase of population and to the development of new territory; that some of it was due to increase in the price of supplies and labor, and that on the whole an ample return or benefit has been received or has accrued for every dollar expended.

To commence with, let us take the *Post Office Department*. The expenditure for the two years stated was as follows:

1903.....	\$4,105,178	<i>Vide Public Accounts</i>
1895.....	3,593,647	
Increase, 1903.....	\$ 511,531	

The sole reason for this increase of business, which is proven by the expansion of revenue, the large increase in the volume of mail matter handled, the increase in the number of post offices and money order offices, and development of postal facilities generally.

But, while there was an increase of half a million dollars in the expenditure, there was a very much larger increase of revenue, notwithstanding decreased postage rates. 1895 the revenue of the Department was \$2,792,789, whereas in 1903 it was \$4,397,832.

In the closing years of Conservative rule large deficits in the Department were of annual occurrence. Indeed when Sir William Mulock took office he was confronted with a deficit of \$781,142. By the application of sound business methods he quickly reduced the disproportion between revenue and expenditure, and soon had the Department on a self-sustaining basis. When this desirable object had been achieved, he substantially reduced the postage rates, and thereby effected a saving of about a million dollars per annum to the people. For a year or so, after these reductions were made, the revenue fell behind the expenditure to some extent, but the freer use of the mails, encouraged by lower postage, soon brought it up again, and last Session the Postmaster-General was able to make the gratifying announcement to Parliament