

INTRODUCTORY.

The Laurier Government came into power in 1896 under more fortunate circumstances and with greater opportunities than ever before surrounded a new Canadian administration. A period of world-wide financial and industrial depression had reached its end, and in all countries commerce and industry were springing into new life after the time of stagnation.

Canada had felt the bad years in common with other countries, but thanks to prudent administration, and to a sound fiscal system, excellent banking laws, and to the caution and sagacity of Canadian business men, the Dominion had come through the crisis with fewer disasters and less damage to her credit than other countries. The strength of our financial institutions, and the stability of our industrial system was everywhere a subject of favourable comment, and it was remarked by the financial authorities of New York and London that Canada was the one bright spot in an otherwise dark picture.

The revival of trade, the increased demand for commodities, the rise in values, which had set in before the change of Government, have continued during the last four years. The rush of capital to the gold fields of the Kootenay, and of Western Ontario, which had begun before 1886, did not cease. Sensational discoveries of gold in the Yukon added another attractive field for investment and enterprise. Canadian farmers have had three successive years of good crops, while the increased mineral output, the revival of European demand following a period of enforced economy abroad, swelled enormously the volume of exports and increased the purchasing power of the country. At the same time the increased demand at home, after a period of contraction and short production, and accompanied by the restoration of high import prices, has swelled the volume and increased much more the value of imports. With customs duties based on values the revenue from taxation has increased enormously, giving the Government, on the present scale of duties, more money than is required for prudent, or even reasonably generous, administration.

These circumstances offered to the new Government the greatest