	Capital and special expenditure.	Increase of net debt.	Amount of capital and special expenditure provided out of revenue.	Percentage of capital and special expenditure provided out of revenue.
	$	$	$	per cent.
1879	6,324,556	2,628,117		
1880	9,191,121	9,461,405		
1881	8,294,088	2,944,191		
1882	7,607,521	--1,734,129		
1883	14,168,728	4,805,063		
1884	26,753,155	23,695,135		
	72,339,172	41,799,780	30,539,392	42
1885	14,126,017	14,245,841		
1886	22,825,956	26,751,414		
1887	5,846,471	4,155,668		
1888	8,345,629	7,216,582		
1889	6,600,363	2,998,683		
1890	5,776,301	3,170		
	63,520,739	55,371,361	8,149,377	13
1891	4,449,640	275,818		
1892	5,506,242	3,322,403		
1893	4,039,675	549,605		
1894	5,423,208	4,501,987		
1895	4,740,332	6,891,897		
1896	7,147,241	5,422,505		
	31,306,340	20,964,221	10,342,119	33
1897	4,622,996	3,041,163		
1898	6,501,755	2,417,802		
1899	9,639,134	2,317,047		
1900	9,742,187	—779,639		
1901	11,116,498	2,986,196		
1902	*14,250,000	*6,000,000		
	55,872,572	15,982,570	39,890,002	71

* Estimated.

With respect to the year which will begin on the first of July next, it is much too early to attempt anything like close calculations. I see no reason why we should not look forward to a very hopeful year. If I may use the words of Mr. Clouston, the president of the Canadian Bankers' Association, all the outward and visible signs still indicate that we are in prosperous times. Still, much will depend on the harvest for the coming year, and it is too far away for us to make any guess about that. If we should be so fortunate as to have in the North-west another harvest such as that of last season, and if the general conditions of Canada continue as they have been, we shall indeed have the greatest year in Canada's history. I think we may look forward hopefully, at the same time not counting too much on those things which are still in the future; and if a change should come, owing to a bad harvest or anything of that sort, it will be our duty to observe the signs of the times, and limit our expenditure accordingly.

The buoyancy of our revenues has enabled us to carry on our large operations for some years without the issue of loans in the public money market. In the year 1897, I obtained from parliament authority for the issue of a loan of $15,000,000. There was at the time a considerable outstanding borrowing power. Thus at the close of that session I had authority to raise loans to quite a large amount. So hopeful, however, did I feel as to the financial prospects of the Dominion that I concluded to use the borrowing power in a very moderate way. The loan which I placed on the London market in the autumn of 1897 was for £2,000,000, or a little under $10,000,000. No public loan has since been issued. Our surplus revenues helped us to bear a large part of our capital and special expenditure, and when these proved insufficient occasional temporary loans were obtained from the banks. We have now a considerable temporary loan of this character, and having regard to the need of providing for it and for old loans which will shortly mature in London, it is evident that we shall at no distant date have occasion to offer an issue of our securities to the public. Whether we shall do this during the present calendar year, or postpone it until next year, when a considerable sum of the existing loans matures, is a point which will have to be considered a little later, in accordance with the condition and prospects of the money market. We shall have to ask parliament for authority for these loans, to be used when required.

The existing temporary loan which I have referred to, amounts to £1,250,000, or a little over $6,000,000. This loan, which will mature on the 1st of July next, bears interest at a shade above 3½ per cent, which, having regard to the conditions of the money market for some months past, is a reasonable rate.

If we find it necessary to go on the London money market this year, I have no doubt that we shall be able to go under very favourable conditions, though not exactly as favourable as those of five years ago. At that time we were lucky in striking the happy moment when we were able to negotiate a 2½ per cent loan. I am afraid that the present conditions of the money market are not as favourable as they were then. If we may judge by making a comparison of the rates of Canadian securities with those of English consols, we find that at the time our loan was placed on the market in 1897 there was a very broad difference between the two; but owing to the high position Canada has attained in the eyes of the world, and especially to the change brought about by the admission of Canadian securities to the English trustee list, Canadian securities have come much nearer to English consols, although the quotations for our securities are lower than they were a few years ago. So that if this is a fair test of credit, the credit of Canada has improved to a very appreciable degree; and I have no doubt that when the moment comes, we shall be able to obtain our loan on favourable and reasonable terms. I have