

a surplus which will wipe out the deficit of last year, and leave a balance, possibly even a larger balance than I would now care to state, on the right side. I feel confident that this is a safe and conservative estimate of the result of the year's operations. Some features of the year's business have been so abnormal, there has developed such buoyancy in trade, that I should not be surprised if the outcome of the year should be more favourable than I have indicated. The total consolidated fund expenditure for the current year I have just estimated at \$38,750,000, or some \$400,000 over last year's actual expenditure. The reasons for this are to be found in the additional interest on the public debt that has to be paid on account of the loan of last autumn, the necessary outlay in connection with the opening up of the Yukon district, an increased outlay resulting from a vigorous policy to be pursued in the Department of Agriculture, and also in the branch of the Department of the Interior which has special reference to immigration. The extension of the Intercolonial Railway to Montreal will also go to swell our gross expenditure, although I am assured by my hon. friend the Minister of Railways that the increased outlay will be offset at an early day by increased receipts that will accrue from the working of the extension. Although our borrowings in London, last October, as I shall show, were less than half the amount authorized, and it might be supposed therefore that we should have occasion again to resort to temporary loans at an early day, I am glad to be able to say that, owing to the buoyancy of trade and of revenue, our financial position has become so strong that I do not anticipate that it will be necessary, during the current year, to issue a single Treasury bill or borrow any money in any shape or form.

DEBT STATEMENT, 1896-97.

I desire now to refer to the debt statement for 1896-97. On the 30th June, 1896, our net debt stood at \$258,497,432.77. As a result of the year's operations, it has been increased by \$3,041,163.69, the details of which are as follows:—

Expenditure on Capital Account and on Canadian Pacific Railway	\$3,519,875 59
Deficit of the year	519,981 44
Railway subsidies	416,965 30
Rebellion in the N.W.T.	3,284 04
Consolidated Fund transfers, including liabilities incurred	

prior to 30th June, 1896, Post Office Department	682,880 52
Total	5,142,977 49
Less—Sinking Fund Investments	2,101,813 80
Net Increase.....	3,041,163 69
Making the net debt on 30th June, 1897.....	\$261,538,596 46

For the current fiscal year, I find we have expended up to the 31st March on capital account, for railway subsidies and for discounts and charges in connection with the late loan, in all \$4,506,185. To complete the year's requirements on capital account and railway subsidies it is estimated that we shall need \$3,000,000, making a total of \$7,506,185. In order to ascertain the net increase of our debt, we must deduct the sinking fund investments which are estimated to amount to \$2,300,000 and estimated surplus of \$550,000, leaving an increase in the net debt of \$4,500,000 in round numbers for the year 1897-98.

Mr. CLANCY. Where are the cheers?

Mr. MACLEAN. We are sitting on them.

THE YEAR 1898-99.

The MINISTER OF FINANCE. We propose that hon. gentlemen opposite shall continue to sit on those chairs for a long time yet. With regard to the fiscal year beginning on the 1st July next and ending on the 30th June, 1899, it is, of course, too early at this day to estimate in more than general terms. However, I do not think that, so far as the customs revenue is concerned, we should fall behind this year's income, which I have estimated at \$21,000,000. We have to remember, of course, that on the 1st July this year the second stage of our preferential tariff will be reached, and the reduction of 12½ per cent already accrued will be followed by a further reduction of 12½ per cent, making a total of 25 per cent. The first reduction of 12½ per cent was, perhaps, not large enough to make any great change in the stream of British imports. Besides it takes time for the British merchant to understand the operation of these tariff changes, and just about the moment when he became aware of the reduction, and was prepared to deal with it, the difficulty arose with respect to the Belgian and German treaties, which resulted in the so-called preference being for a time extended to a large