

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.

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 Rail- way	\$3,519,875 59
Deficit of the year	519,981 44
Railway subsidies	416,955 30
Rebellion in the N.W.T.	3,284 64
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 \$507,000, 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 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 fol-

Mr. FIELDING.

lowed 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 number of countries, and therefore Great Britain was not in a position to enjoy the 12½ per cent reduction as fully as we had expected and desired.

Mr. FOSTER. The difficulty arose before that, did it not ?

The MINISTER OF FINANCE. No, only in the minds of my hon. friends opposite. There are no difficulties in this question on this side of the House ; there were difficulties which my hon. friends opposite for years sought to remove without success, and which have been removed by this Government. I expect, therefore, that when the full reduction of 25 per cent takes place, when the preference is confined, as it will be, to imports from the mother country and from certain British colonies to which I shall refer, I expect there will be a considerable increase in imports from Great Britain, and on these imports we shall receive a smaller amount of revenue than we have hitherto received. With a view to maintaining our position as a sound one financially, to upholding our credit and guarding against deficits, it will be the part of wisdom to anticipate loss of revenue in that respect by making some increase to the revenue in other quarters, and of that I will speak later on. Excise should provide at least eight and one-half millions, and from miscellaneous sources, making due allowances for increase in railway receipts, from post office and interest on investments, we should receive eleven million dollars. These I estimate will give us a total revenue of \$40,500,000. I am speaking now of the year beginning on the 1st of July next, concerning which, of course, our estimates will have to be of a very general character, with very little opportunities of coming to close quarters, not such opportunities as we have with regard to the current year. We have laid on the Table of the House the Estimates for 1898-99, to the extent of \$39,124,000. These Estimates include two new items, one of \$396,000 for the expense of the Yukon district, and another of \$760,000 for the running expenses of the Intercolonial Railway extension to Montreal. Under our method of keeping accounts, the increased cost of operating the Intercolonial Railway has to be added to our general expenditure, even though it might be a source of profit