

stationary, the cost of carrying the debt being no more in 1890 than in 1885. This very satisfactory result is attributable in large measure to the constantly improving credit of Canada in the money markets of the world, whereby the rate of interest has been reduced as low as 3 per cent. on Canadian loans. Another point of importance is that while in the six-year period, 1873-1876, the interest charge increased \$2,085,000, or by nearly 40 per cent.; in the eleven-year period, 1879-1890, the increase in the interest charge was \$2,415,000, or only a fraction over 30 per cent. To put the case in another way: the average annual increase in the interest charge during Liberal rule was \$347,500, as against an increase of only \$219,550 during eleven years of Conservative rule.

The expenditure for the sinking funds requires a brief word of explanation. It represents purchases of our own bonds in the London market, that is to say it is an investment of revenue for the cancellation of debt, and the more money employed in this way, the more rapidly will the debt be reduced. In the first year after Confederation \$355,260 was set apart for the sinking funds; in 1878, the amount was \$945,746; and in 1890, it was \$1,887,240.

The expenditure represented by subsidies to the provinces, also, calls for little comment. These appropriations are made each year in accordance with the terms of the Constitution, and are not in any sense a matter of party politics, nor should they be regarded as a source of taxation, since the expenditure simply represents payment of the peoples money to the Local government by way of the Federal treasury, instead of by way of direct taxation, as would be necessary if the subsidies were abolished. The amount paid as subsidies in 1878 was \$3,472,807; and in 1890 it was \$3,904,922.

The expenditure for the collection of revenue calls for closer examination. In a general way it may be described as like that of the merchant or manufacturer whose expenses increase with the growth of business or the extension of his field of operations. For example, under the head "collection of revenue" is included the expenditure on the postal service, for the working of the