one will be so stupid as to say the additional expenditure is an evidence of business incapacity, of extravagance and the like. Before an opinion on the point is formed, it must first be ascertained whether the business and profits of the merchant have increased in a similar ratio to the expenditure, and when such is the case, the greater cost of carrying on operations is found to be an evidence of prudent and successful management. So with the finances of a country. Before judgment can be passed on the expenditure we must understand the uses to which the money is put.

The public expenditure naturally resolves itself into four distinct classes, namely: (1) charges arising out of the debt; (2) subsidies to provinces; (3) collection of revenue; (4) other expenditure. The charges on debt consist of interest and sinking fund to form the latter, the Government putting aside every year a certain amount of money to reduce the debt. This has steadily increased since Confederation with scarcely any interruption, as might be expected in the case of a young country whose resources await development, whose means of intercommunication have to be provided, whose transportation facilities have to be improved, for which purposes debt is necessarily and very wisely incurred. When some years ago Sir Richard Cartwright went to London as Finance Minister, for the purpose of negotiating a loan, he issued a circular to the capitalists of England, setting forth the amount of Canada's debt, every dollar of which he stated had been incurred for "works of public utility." The same statement can with equal truth be made of the debt to-day. The interest on the debt, which amounts to nearly one-third of the total ordinary expenditure, has increased thus :—

1873.........	$5,387,850	1887.........	$9,970,671
1879.........	7,472,657	1888.........	10,166,905
1885.........	9,806,977	1889.........	10,422,521
1886.........	10,483,929	1890.........	9,887,250

There are two or three points in connection with this statement worth reflecting upon. It will be observed, for instance, that for the last six years the interest charge has been practically