

been able to understand, was made out of the Customs Department and stated as a deduction from revenue. I think any business man on either side of the House will acknowledge with me that that was not a proper way of keeping the accounts. You do not find anything about the bounties on iron in the public accounts, as a rule. If you looked into the Auditor General's Report, you might discover that in his analysis of the work of the Customs Department account was taken of the fact that certain moneys were paid as a refund, or something of that kind, for bounties on iron. Well, so long as the sums paid for bounties were not very large, this perhaps was not a very serious matter, though, whether the sum was large or small, it was not a sound method of bookkeeping. But when it came to our knowledge that under this bounty arrangement we were likely to pay large sums of money running up perhaps to millions of dollars a year, then it became necessary that we should treat the matter properly and put it in some other place in the public accounts, and so we began to treat it in the same way as we treat a railway subsidy. Therefore we have charged these bounties on iron and steel to what is called a special expenditure, which is practically a capital account. I think that is justified. But I want to say, Mr. Speaker, that whether that is justified or not, does not affect my argument. As regards the total of the surpluses the bounty on iron and steel is a very small item, and if you strike out of the account the money which we have paid in the shape of bounties on iron and steel, and if you charge that to some other service and deduct it from our surplus, you will still have substantially the same record as that which I present to you, a record of a series of handsome surpluses to the credit of the Liberal government.

Now, Mr. Speaker, there are persons who sometimes wonder why, in a year, in which we say that finances are very prosperous, we are still borrowing money. There are people who cannot understand how that should be necessary. But even in private enterprises there are occasions when the

most prosperous business requires loans to meet immediate obligations. So it is with the nation. There are times when the inflow of revenue into the treasury is greater than the outgo of expenditure, and then we accumulate a considerable balance. But there are other times when the revenue, though still flourishing in comparison with the revenue of corresponding periods, is insufficient to meet the demands. At such times temporary loans are resorted to for short periods, and in that way we have had some temporary loans during the past year. On the 1st of January last, we had outstanding treasury bills amounting to £1,250,000 sterling. These bills were renewed in London for a term of six months at $3\frac{1}{2}$ per cent interest. That is a somewhat higher rate than in former times we had to pay. But as every business man is aware, the conditions of the money market for some time past have been very stringent, and having regard to these conditions, the rate was a fair one.

During the last month or two our revenue has increased so rapidly that we have found ourselves able to redeem some of these treasury bills in advance of their maturity. At the time we raised the money, of course we could not have foreseen the increased revenues that have come in. But we have been able to redeem some of the treasury bills already, so that we have reduced the amount of the treasury bills outstanding to £950,000. These will mature on the 1st of July, and our expectation is that we shall be able to pay off the balance of these on the 1st of July out of our accumulating revenue.

I come now to the question of loans which are maturing. If we had only to consider the question of current expenditure we would not require to go upon the London money market for some considerable period, except for occasional temporary loans in the way I have spoken of. We have to consider, however, not only the question of our current expenditures but also the question of outstanding loans, issued many years ago, which will from this time forward begin to mature. I have a statement of those maturing soon, which I present to the House.