THE PUBLIC DEBT.

Net debt 30th June, 1901	...	$268,480,003 69
" "	1900 ..	265,493,806 89
Increase in debt in 1900-1	..	2,986,196 80

—	Net Debt.	Increase in Debt.	Decrease in Debt.
	$ cts.	$ cts.	$ cts.
1897.....	261,538,596 46	3,041,163 69	
1898.....	263,956,398 91	2,417,802 45	
1899.....	266,273,446 60	2,317,047 69	
1900.....	265,493,806 89	....	779,639 71
1901	268,480,003 69	2,986,196 80	
Total for five years		10,762,210 63	779,639 71
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Net increase 5 years. ...		9,982,570 92	
Average increase 5 years		1,996,514 18	
Average of 18 years from 1878 to 1896..		6,563,075 00	

The increase in the net debt in 1900-1901 is accounted for as follows :—

		$ cts.
Capital expenditure on Railways and Canals, Public Works, including C. P. Railway		7,290,542 65
" " Dom. lands		269,060 90
" " Militia		135,884 79
Railway subsidies		2,512,328 86
South African Contingent and Halifax garrison. ...., ...		908,681 42
		11,116,498 62
Less: Surplus....... .	5,648,333 29	
Sinking Fund...	2,480,336 90	
Refunds N.W.T. rebellion.	1,631 63	
		8,130,301 82
Increase net debt..		2,986,196 80

I have spoken in this statement of the surplus received during the past year amounting to $5,648,333.29. I am sure it will be gratifying to know that we are able from year to year to present these statements of satisfactory surpluses. I am aware that there is some criticism on this subject from year to year as to whether or not we do present a surplus. There was a tendency to represent that there was some change in the methods of keeping the accounts, and that the surplus that we presented was somewhat different from the surpluses of former years. That contention has now been abandoned because we have shown from time to time that there has been no change in the method of keeping the accounts. The methods are the same, the officials who keep the accounts are the same, and when we show a surplus in the public accounts we reach it in precisely the same manner as in former years.

Mr. SPROULE. What about the iron bounties which are now charged to capital ?

The MINISTER OF FINANCE. That cannot affect the question of the debt in any way at all.

Mr. SPROULE. You are talking about a surplus ?

The MINISTER OF FINANCE. The iron bounties have hitherto amounted each year to a comparatively small sum. I presented to the House last year, the reasons why we are now proposing to charge the iron bounties to capital. Let me tell my hon. friend (Mr. Sproule) that as respects the operations of the past year which I am speaking of, we had not begun to charge these bounties to capital, but the old method continued. I think, however, that this old method was a very mistaken one. I impute nothing but the best of motives to the gentlemen who preceded me in charge of the department. What they did was to treat these iron bounties as a drawback, and to be paid as such by the Customs Department. I do not see how you can pay a drawback when no money has been paid into the revenue, and I think the idea of treating this as a drawback and simply deducting it from the customs duty, and making the customs duty appear a good deal less than it really was, was a mistake. From the 1st of July last, we have changed that method. But up to that date and covering the period of which I am now speaking, as regards the surpluses, we continued the old method, and therefore the suggestion of my hon. friend is not important.

As I have said, some hon. gentlemen have made the criticism that these surpluses were brought about by some peculiar method of bookkeeping. but more recently I have noticed in some of the papers, a tendency to argue that even if the method was an old one, it was a bad one, and we had better get rid of it altogether. I entirely dissent from that. I think, in a country like Canada, we shall always, certainly for a long time, require for the construction of public works and things of that kind, special sums of money which cannot be obtained from the ordinary revenue, and there is every reason in the world why these should be charged to capital account. There is just the same reason that would obtain with a man in his private affairs. If a man were paying rent he would charge the rent against the income for the year, but if he bought a house he would not expect to charge it against income, but would open a special account and make some provision for paying for