

that in the following services there is an increased expenditure :

Interest on public debt	\$143,233
Charges of management	29,905
Sinking funds	46,526
Premium, discount and exchange	36,833
Civil government	22,218
Administration of justice	16,491
Dominion Police	1,055
Legislation	230,684
Penitentiaries	24,370
Arts, agriculture and statistics	13,512
Immigration	7,239
Quarantine	24,914
Pensions	4,801
Militia	539,874
Public Works, Consolidated Fund	163,949
Railways and canals	7,991
Mail subsidies and steamship subventions	18,595
Ocean and river service	1,805
Marine hospitals	1,447
Fisheries	16,336
Geological Survey	14,331
Subsidies to provinces	2,394
Indians	27,655
Miscellaneous	9,392
Customs	48,912
Post Office	124,467
Trade and Commerce	5,141

On the other hand, there have been decreases on the following :—

Superannuation	\$ 3,439
Mounted Police	6,852
Lighthouse and coast service	20,314
Scientific institutions	1,705
Government of the North-west Territories	10,167
Excise	6,143
Weights and measures and gas	6,150
Railways and Canals, collection	100,535
Dominion lands	8,492
Public Works, collection	11,892

The main increases will be found to be in the interest on public debt, legislation, militia, public works, and post office, and the causes operating in these cases were explained in my remarks of the 22nd of April last year and are sufficiently well known. I need not refer to them further than to say that they are the direct result of the apparent economy accomplished by my predecessor in 1895-96, an economy, which I am justified in saying was only apparent, because I think hon. gentlemen themselves will admit that it was not possible to continue the expenditure on the figures of that year. Indeed, hon. gentlemen on the other side, by the remarks they have made on these subjects, have frequently admitted as much.

PREDICTIONS AND RESULTS.

In concluding my observations upon the business of the fiscal year 1896-97, ending the 30th of June last, let me express the

hope that my hon. friends opposite will allow me to congratulate them on the very happy failure of some of the very gloomy predictions which they made respecting that year. It may be remembered that in the closing hours of the first session of this Parliament, my hon. friend the leader of the Opposition (Sir Charles Tupper) and my hon. friend the ex-Minister of Finance (Mr. Foster) made very strong attacks upon the financial position of the Government, and predicted that very direful things would happen in the first year of Liberal administration. I do not propose to detail the House with lengthy quotations from their remarks, but I may summarize their predictions very briefly. My hon. friends stated that we were entering upon a year of reckless expenditure which could only end in financial disaster. They declared that within that current year of 1896-97, I would be obliged to borrow at least \$10,000,000, and that I would have to go on the money market under conditions that would greatly damage our public credit. They will, I hope, be gratified to learn that during that current year we did not have to go on the general money market at all; that our total temporary borrowing, in the usual way of treasury bills, did not amount to ten million dollars or even half of ten million dollars; and that the only borrowing in which we indulged, over and above the renewal of a loan contracted by my predecessor, was less than three million dollars, and that when at a subsequent and proper time we did proceed to place a loan on the London market, instead of going with a damaged credit, as my hon. friends predicted, we went under favourable conditions and met with gratifying success.

They also stated that we would not be able to come out of the year's operations with a deficit of less than \$3,250,000. As late as the month of April last, my hon. friend the ex-Minister of Finance modified his calculation, but even then he predicted that we could not come out of the year with a deficit of less than \$2,000,000. He will, I am sure, be glad to learn that we came out of the year with a deficit, not of \$3,250,000, not of \$2,000,000, but of the modest sum of \$519,900. My hon. friend said that in the first year of Liberal administration we would have an expenditure of