

public accounts, of \$35,037,060, leaves the sum of \$33,345,253, as against the receipts of \$33,190,618, showing, by taking out only the expenditure on the Mounted police and on militia and defence, a deficit of \$54,634; but if you take out the additional Indian expenditure of \$82,375, you have a small surplus of \$27,741. I may say here that the additional receipts from excise have reduced the amount of the deficiency for the year 1885, and have increased the deficit which we anticipate for 1886. Taking the receipts, and crediting them all to the year 1885, it will be seen that on the ordinary expenditure, exclusive of the expenditure caused by the trouble in the Northwest, the accounts about balance each other; but as it will be seen later, that we anticipate a deficit, exclusive of the expenditure in the Northwest, for the year 1886, I think it would be but fair that the over expenditure for 1886 should be divided between the two years, 1885 and 1886, because a portion of the excise revenue due in 1885 was anticipated and paid in 1885. The expenditure, it will be seen by the accounts submitted, differs in some respects from the estimates Sir Leonard Tilley made. The charges of management were increased \$63,518; the sinking fund, \$365,416; the premium on discount and exchange, \$108,988; public works, \$77,848; and miscellaneous, \$76,109. On other items there has been a decrease—On civil government, \$37,186; on legislation, \$33,845; on census, \$24,941; on railways and canals, \$43,073; on mail subsidies, \$125,194; and on Liquor License act, \$57,770. The first item of over expenditure I may refer to is the charges of management, of which the chief part arises from the commutation of the stamp duty on the $3\frac{1}{2}$ per cent. loan of 1884. The difference in the sinking fund is made up of two items—a half year's sinking fund investment in the Consolidated Canadian 5 per cent. loan, which was not estimated for on account of its falling due on the 1st of January, 1885, and a half year's sinking fund investment on the Dominion loan of 1884, which was not floated when the estimates were made up. I suppose Sir Leonard Tilley intended to take up the 5 per cent. loan altogether, and reissue without a sinking fund. As the house is aware, he converted that into a 4 per cent. loan, leaving the sinking fund. The premium on discount and exchange arises almost entirely from the discount on the gold we brought to the country in connection with the loan contracted in 1885. On ocean and river service there is an increase of \$49,276, caused by over expenditure on the maintenance and repairs of steamers, and the outfit of a new steamer. On Indians the increased expenditure of \$82,375 was caused by the Northwest troubles. On public works there is an increase of \$77,845, which was expended on works included in supplementary votes.

The under expenditures were as I have named. It may be, Mr. Speaker, and I have no doubt it is, to some hon. members on this side of the house, a disappointment that the public accounts for the year have not, as in past years, shown that large surplus which Sir Leonard Tilley was able, on a number of successive occasions, to announce to the house. It should be borne in mind that when the tariff was framed hon. gentlemen opposite said to us: "You will not get any revenue; you are expecting to manufacture in the country under your protective tariff the goods you now import." That was our expectation; but we knew at the same time that the increased activity given to trade would for many years necessitate our importing more largely than our manufacturers would be able to supply, that our dependence for revenue would eventually have to be placed on articles of luxury, or on articles that were not grown or produced in the country, and would not be manufactured for a number of years, and that those would have to be held in reserve for revenue. Our manufactures, however, increased more rapidly than we anticipated; the employment of our people in factories has been larger than expected at the outset, and this is, perhaps, in some measure due to hon. gentlemen opposite. They, on every occasion, put before the country statements of the enormous receipts, dividends and profits manufacturers were receiving, and thereby induced, perhaps, a larger number to enter manufacturing than the circumstances of the country demanded for the time, and, therefore, sir, from the more rapid increase of manufactures than Sir Leonard Tilley counted upon, the revenue has not come up quite to his anticipations. I admit, sir, under ordinary circumstances it is desirable that the receipts and expenditure should be equalized, but in adopting a new policy there is much difficulty in so regulating it and so estimating for the increase of home production that it is difficult to make that harmony between receipts and expenditure which is always desirable. In the condition of our country, when we were requiring large expenditures on public works, there was no loss in having a pretty large surplus and devoting it to the completion of public works and the improvement of the country, as was done during the time we had these surpluses. They prevented the increase of our indebtedness by just so much and tended to improve the credit of the country abroad, enabling us to receive money on better terms than if we had not been in the receipt of them. The fact that we have been increasing largely our manufactures is shown in the decreased imports of the articles in the manufacture of which we are mainly engaged. The importation of cotton and woollen goods and of the manufactures of iron and steel in