

341. The expenditure has exceeded the revenue continuously during the last 20 years, and with the exception of 1886, the excess in 1887 was the largest during the period. The revenue, however, showed a satisfactory increase of \$133,876, being double the increase of last year. When the long distances that have to be covered in this country are considered, as well as the comparatively scanty population of many parts of it, particularly in the North-West Territories and British Columbia, it will easily be understood that it must be some time yet before the revenue can either balance or exceed the expenditure. The successful development of the country has required and will for some years require continual additions to and extensions of the postal system, and in order to provide postal facilities *pari passu* with the progress of settlement, it is from time to time necessary to establish offices; the expenditure for which must for a number of years be in excess of the revenue derived therefrom. The Postal Service, however, is managed on sound, economical principles, and the importance of carrying out the principle of providing every part of the country with postal communication is so well recognized, that exception is seldom or ever taken to these deficits, it being well understood that as the population increases and the country progresses, it cannot be very long before this service is at least self-sustaining, the revenue from the older and wealthier Provinces covering the excess of expenditure in newer districts.

342. As confirmatory evidence of the foregoing it will be found that whereas the expenditure in 1887 increased 2.30 per cent., the revenue increased 5.42 per cent., or 92 per cent. more than the expenditure. The Postmaster General in his report says: "From present indications it may be reasonably estimated that this process of reduction in the annual deficit will be maintained in the amounts of postal

Reasons
for excess
of expend-
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Increase
of revenue
propor-
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