penditure appears to be on the decrease, having been $72,587 less than in 1887, and $128,792 less than in 1886. The revenue, moreover, showed a satisfactory increase of $147,884. 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.

261. As confirmatory evidence of the foregoing, it will be found that the higher rate of increase of revenue referred to in the Statistical Abstract, 1887, p. 251, has been maintained, the revenue of 1888 having increased 5·68 per cent. and the expenditure only 2·17 per cent. The number of stamps issued to Postmasters during the year was 125,411,050, as compared with 118,349,660 in 1887, an increase of 7,061,390 and almost the whole postal revenue is derived from this source, the amount received from the sale of stamps in 1888 having been $2,728,026.

Larger proportionate increase of revenue than of expenditure.