

money, the educational grants and other appropriations. Consequently large sums fell due at the beginning of every half year, and it was a question with the Government whether these periods of payment could not be altered, not to deprive any one of money due him, but to spread disbursements over the year and make them due at more convenient periods. The amount of public debt to be redeemed this year was \$1,100,000, of which the greater part was the final payment of the Imperial loan. It was now all paid off with the exception of £140,000 sterling, and the Government held that amount of India bonds to pay it. The remainder of the amount consisted of small debentures which were now falling due, amounting to between \$300,000 and \$400,000. The interest and charges on public debt were \$3,800,000, including sinking fund. The charges embraced under the head of Civil Government, were all mentioned in the estimates already in the hands of members, and amounted to \$4,633,000. A good deal was provided for by statute, and was therefore not shown in the estimates in members' hands. It was proposed to expend for Militia during the next year \$500,000, which would be more fully explained by the Minister of Militia on Thursday next. In regard to public works, the buildings at Ottawa, and the completion of the enlargement of the Welland Canal, were the chief. It was expected that the total outlay of the Board of Works would be \$600,000. The collection of revenue was put down at \$1,350,000. That did not include the refunds, which, if included on one side as revenue, had to be included on the other as expenditure. These amounted to \$100,000. The aggregate of these outlays, exclusive of redemption of public debt, was \$11,074,000, against an income of \$11,130,000, leaving a surplus of \$56,000. In regard to them the Government had exercised every economy. There was no doubt that, in a country like Canada, increasing so rapidly, there must necessarily be a gradual increase in the cost of the Government. It was impossible to govern three millions for the same sum as two millions. He alluded specially to the great influx from the States during late years, causing an increase of population which was very troublesome and expensive to us. The Government was also obliged to provide for a good many items of expenditure which, perhaps, were omitted before, but could not now appear in unprovided items. The determination of the Government was to exercise every economy in the expenditure of the sums which Parliament might place at its disposal. The Audit Act would be supplemented by such restrictions as would give the Government stricter control than ever before exercised. He went on to allude to the necessity of making additional provision for the Toronto Lunatic Asylum; \$25,000 out of the Upper Canada Building Fund, but requiring to be taken from the estimated surplus would be expended on that up to 30th June next, in the commencement of two wings. As to the balances, on 30th June last, they were nearly \$3,144,000. The House had already clothed the Government with power to dispose of four millions of debentures, but that had not been exercised, the debentures being lodged with the financial

agent and the Bank of Montreal, for sums of money obtained from them. The balances due to the London agents had been considerably reduced, since January 1861. On the other hand the Government had obtained temporary assistance from the Bank of Montreal, to the extent of \$1,250,000, at the commencement of the new year. The Government had already paid off \$250,000. Seven per cent was the rate, while that of the London agents was five per cent. With regard to these balances the Government had not proposed to ask the House to make any special provision. They did not think there would be any difficulty in carrying over these balances to such time as might be convenient for the public service. The London agents at once assented to carrying them over till January 1st. The Government would not like to sell their securities at their present rates for the purpose of covering this. They had every confidence that the credit of the country would very speedily be improved. They had indications of that already, and there could be no doubt, now that peace had been restored in the United States that confidence in our securities would rise to the former rate. The Government would exercise its authority under the supply bill of last year, in reference to the issue of debentures should some favorable opportunity arise for placing short dated debentures on the market. He would now advert, at some short length, to our present relations towards the United States, and what he might term our foreign trade generally. In view of the fact that the Reciprocity Treaty might possibly expire on the 17th March next, under the terms of the notice given, and that a great disturbance of our trade would ensue which might effect the conclusions to which the Government had come in reference to our revenue, he ought to say what the Government hoped might be the result of their negotiations with the United States, and make some statements in regard to the disposition with which they were prepared to enter into arrangements for a renewal of commercial intercourse. Our trade with the United States consisted of two parts. One was independent of the Reciprocity Treaty altogether, and the other was that existing under it. As to the former, the privileges applying to the most favored nations would apply in our case in every particular. But the great bulk of our trade was of the other kind, and that which created the greatest apprehension in the minds of our people, was the belief that we were to a very large extent dependent upon the United States for the market for our produce. He would not desire to diminish or derogate from the importance of the trade enjoyed with that country. It was impossible that two kindred nations, speaking the same language, having the same commercial instincts, and actuated by friendly feelings, could exist alongside of each other without having intimate commercial relations & intercourse, and it was evident they could not be interfered with by either nation without seriously injuring both. But while he acknowledged the importance of the trade with the United States, it was not our interest, nor was it his duty to exaggerate its importance. In view of the possibility, and, as many thought, probability, of that treaty being abrogated in March next, it was

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