needed to carry on their operations. Any check or stringency we are aware must necessarily cause the general prosperity of the country to suffer. There has been, it is true, a considerable amount received by the Government from the issue of Dominion Stock, and a further sum through the Savings Banks, but the Savings Banks have merely received the small savings of individuals which would otherwise have lain unproductive. That is the legitimate use of Savings Banks. Since they went into operation, the increase of deposits in the Banks has gone on steadily, and I think I am safe in saying that the amount received by the Post Office Savings Banks will not in any way interfere with the general deposits in the banking institutions of the country. The same may be said with reference to the other sources from which I have indicated that we look to obtain the means of meeting a portion of the floating debt. Take the deposits to be required from the Insurance Companies; the greater portion of them will come from abroad, and, generally, I think it right to say, in order to calm any apprehension which may have been excited, that it is the desire of the Government most carefully to guard against undertaking any financial operations which would have the effect of depleting the Bank deposits. (Hear, hear.)

I now come, Sir, to explain the financial relations of the various Provinces to the Dominion; and although up to the present time they are hardly to be looked upon as perfectly well defined and accurate, yet they are in a much more reliable and satisfactory shape than they were in December last. The House will see that it is difficult to arrive at a correct estimate of the liabilities of the various Provinces towards the Dominion, or of the relations of the Dominion towards those Provinces, at once. I will begin, however, with Nova Scotia, and state the amount of its obligations on the 1st of July last, when the Union came into effect, and what charges against it were then anticipated. Its debt was then stated

| | |
|---|---|
| at.................................................... | \$7,435,285 |
| and as it was entitled to come into the Dominion with a debt of | 8,000,000 |
| this left a balance to be given to it of.......................... | \$564,775 |

But beyond that figure it was found that the obligations of the Province amounted to the very considerable sum of about \$1,400,000. As is known to the House, under the terms of the Union Act the Dominion is bound to assume and *meet all the engagements* of the several Provinces entered into prior to the 1st of July, no matter by what amount they may be found to be in excess of the debt with which they entered the Union. The debt proper was composed of debentures payable in London, debentures payable in Halifax, Barings' account, the amount due to Savings Banks, and the amount of Provincial notes in circulation. The amount of liabilities we have had or now have to provide funds to meet, are—

| | |
|---|---|
| Arrears of appropriations paid........................ | \$320,141 |
| Do still payable.................. | 119,599 |
| Balance to Windsor and Annapolis Railway......... | 833,662 |
| Due Bank of Nova Scotia ................................ | 52,250 |
| Balance to Pictou Railway.............................. | 193,326 |