

April 30, 1872

difference whatever whether the money is for public works or fortifications. If the causes of misunderstanding between Great Britain and the United States should happily be removed, as we all hope they will be, there would be grave objections to the erection of fortifications, just after the establishment of friendly relations. If at any future time fortifications should be required, they would have to be built with our own means. (*Hear, hear.*)

I have said that while the negotiations were going on, circumstances occurred that rendered it simply impossible that either on the one side or the other, the question of fortifications should be touched. I believe that all parties in this House, as well as throughout this Dominion, when this extraordinary demand for consequential damages arose, sympathised entirely with Great Britain. (*Hear, hear.*)

Well sir, as I am very sanguine, and every day makes me more sanguine, that the clouds by which the horizon has been overcast are disappearing, and that all the difficulty which has unfortunately existed will disappear, I have no doubt whatever that we shall eventually get the full amount we desire.

Now, sir, I come to the question of the value of this guarantee, and my own opinions differ most widely from any that I have seen in the public newspapers which ordinarily support the present Government. I wish to give expression to my own convictions, and, I say, without hesitation that I do not believe there is a loan contractor in Europe or America who would not say that the view I take is correct.

Sir, I say it is a complete fallacy to imagine that because at the present time our five per cent debentures and stock are at par, and occasionally over par, when we have had no issue of those debentures for some years, and we ourselves have been large customers in the market, buying them up for the sinking fund, that if we put \$40,000,000, 50 per cent of our debt into the market we could obtain that amount at 5 per cent. We could not do it, and I say unhesitatingly that if we attempted to float a loan to that extent, we should do uncommonly well if we obtained it at six per cent.

I ask what would be the state of English credit, great as it is, if Great Britain asked a loan of something like £400,000,000 sterling, or half her present debt. Hon. gentlemen on the other side must recollect that the customers for Canadian securities are a very limited class, and a very different class from those for English securities or United States securities, or the securities of the Great European States.

But if we went into the market for \$40,000,000, one half our own, and the other half guaranteed by England, and with the prestige that England sanctioned our great public improvements, the advantage would be very great, so much so that I am persuaded that under those circumstances we should get our 5 per cent bonds floated at par, and therefore we should be able to float half at 4 per cent, and the other half at 5 per cent, or equal to 4-1/2 on the whole amount. This would

therefore make a difference of 1-1/2 per cent on the whole amount of \$40,000,000, equal to \$600,000 a year.

I ask whether that is not a desirable arrangement, and whether it is not infinitely better than negotiating a Bill for Fenian claims, and encountering the danger of irritation on both sides, which must arise in the settlement of disputed claims. Well, sir, I admit that exception may be taken to this calculation on the ground that I base my statement on getting £4,000,000 but though my own opinion is strong on that point, I maintain that even with the £2,500,000 we have made an infinitely better arrangement than we could have done in any other way.

According to my calculations I estimate that the total charge incurred as interest on the new debt necessary to construct our great public works, including 1/2 per cent for the sinking fund, will be two million dollars. I must not lose sight of the fact, however that the first estimate for the Pacific Railway was \$25,000,000 which was a mere approximate estimate based on an assumed mileage, and that it may have to be increased to \$30,000,000, and taking that increase and the balance of the Intercolonial Loan and other items into consideration, it is safe to calculate that the whole amount of contemplated expenditure will give an increased charge of three million dollars.

It must, however, be borne in mind that the great improvements of the public works and canals would considerably increase the revenue from those sources. In undertaking works of such considerable magnitude, it is important to see what is the state of the increase of the commerce of the country.

Now, sir, that increase is really wonderful. In 1869, our total exports were \$49,320,000, while in 1871 they were \$55,151,000. The aggregate of exports and imports in 1869 was \$116,725,000; in 1871, \$142,098,000, or an increase of nearly 22 per cent. And when we come to the details of the exports, we find them most satisfactory.

The produce of the mines has increased from \$2,093,000 to \$3,221,000; of fish from \$3,242,000 to \$3,994,000; of produce of the forest, from \$19,838,000 to \$22,352,000; of animals and their products, from \$8,769,000 to \$12,582,000, the latter chiefly owing to an enormous increase of exports of butter and cheese.

There was a falling off in the exports of agricultural products to the extent of nearly four millions as compared with 1870, and nearly two and a half millions as compared with 1869. This no doubt was to some extent caused by the wheat and flour duties, as while American flour was admitted into Canada free, it was largely consumed in Canada, thus setting a corresponding portion of Canadian flour free to be exported, but when a duty was imposed, the Canadian flour was more largely consumed at home.