"The free public school libraries are managed by the local Municipal Councils and School Trustees, under general regulaions, established, according to law, by the Council of Public Instruction. The books are procured by the Educational Department, from publishers both in Europe and America, at as low prices as possible; and a carefully prepared classified catalogue of about four thousand works (which, after examination, have been approved by the Council of Public Instruction), is sent to the Trustees of each school section and the Council of each Municipality. From this select and comprehensive catalogue, the Municipal or School authorities desirous of establishing or increasing a library, select such books as they think proper, and receive from the Department not only the books at cost prices, but an apportionment of one hundred per cent. upon the amount which they provide for the purchase of such books. None of these books are provided by the Department for any private parties, except Teachers and Local Superintendents for their professional use."

I think it proper, at the same time, to repeat the following explanatory observations from a previous report:

"The maps, globes, and various articles of school apparatus sent out by the Department, apportioning one hundred per cent. upon whatever sum or sums are provided from local sources, are nearly all manufactured in Canada, and are better executed, and at lower prices, than imported articles of the same kind. The globes and maps manufactured (even in the material) in Canada, contain the latest discoveries of voyagers and travellers, and are executed in the best manner, as are tellutians, mechanical powers, numeral frames, geometrical forms, &c. All this has been done by employing competitive private skill and enterprise. The Department has furnished the manufacturers with the copies and models, purchasing certain quantities of the articles when manufactured, at stipulated prices, then permitting and encouraging them to manufacture and dispose of these articles themselves to any private parties desiring them, as the Department supplies them only to municipal and school authorities. In this way new domestic manufactures are introduced, and mechanical and artistical skill and enterprise are encouraged, and many aids to schools and domestic instruction, heretotore unknown amongst us, or only attainable in particular cases with difficulty, and at great expense, are now easily and cheaply accessible to private families as well as to municipal and school authorities all over the country. It is also worthy of remark that this important branch of the Educational Department is self-supporting. All the expenses of it are reckoned in the cost of the articles and books procured, so that it does not cost either the public revenue or school fund a penny beyond what is apportioned to the municipalities and school sections providing a like sum or sums for the purchase of books, maps, globes, and various articles of school apparatus. I know of no other instance, in either the United States or in Europe, of a branch of a Public Department of this kind, conferring so great a benefit upon the public, and without adding to public expense."

2. PRIZES AND MERIT CARDS IN OUR SCHOOLS.

From the last report of the Chief Superintendent of Education, we make the following extracts on this important subject:—

School Prizes and Merit Cards.—The number of schools in which prize books, &c., are reported as having been distributed for the reward and encouragement of meritorious pupils is larger than last year. The importance of this comparatively new feature of the School System can hardly be over-estimated. A comprehensive

catalogue of carefully-selected and beautiful prize books has been prepared and furnished by the Department to Trustees and Municipalities applying for them; and, besides furnishing the books at cost prices, the Department adds one hundred per cent. to whatever amounts may be provided by Trustees and Municipal Councils to procure these prize books for the encouragement of children in their schools.

A series of merit cards, with appropriate illustrations and mottoes, has been prepared by the Department, and are supplied to Trustees and Teachers at a very small charge—half the cost—and these merit cards are to be awarded daily, or more generally weekly, to pupils meriting them. One class of cards is for punctuality; another for good conduct; a third for diligence; a fourth for perfect recitations. There are generally three or four prizes under each of these heads; and the pupil or pupils who get the largest number of merit cards under each head, will, at the end of the quarter or half year, be entitled to the prize books awarded. Thus an influence is exerted upon every part of a pupil's conduct, and during every day of his school career. If he cannot learn as fast as another pupil, he can be as punctual, as diligent, and maintain a good conduct; and to acquire distinction, and an entertaining and beautiful book, for punctuality, diligence, good conduct, or perfect recitations, or exercises, must be a just ground of satisfaction, not only to the pupil, but also to his or her parents and friends.

There are two peculiarities of this system of merit cards worthy of special notice. The one is, that it does not rest upon the comparative success of single examinations at the end of the term or half year, or year, but on the daily conduct and diligence of each pupil during the whole period, and that irrespective of what may be done or not done by any other pupil. The ill-feeling by rival-ship and a single examination is avoided, and each pupil is judged and rewarded according to his merits, as exhibited in his every day school life. The second peculiarity is, that the standard of merit is founded on the Holy Scriptures, as the mottoes on each card are all taken from the sacred volume, and the illustrations on each card consist of a portrait of a character illustrative of the principle of the motto, and as worthy of imitation. The prize-book system, and especially in connection with that of merit-cards, has a most salutary influence upon the school discipline, upon both teachers and pupils, besides diffusing a large amount of entertaining and useful reading.

3. TABLE SHEWING THE VALUE OF ARTICLES SENT OUT FROM THE EDUCATIONAL DEPOSITORY DURING THE YEARS 1851 TO 1866 INCLUSIVE.

YEAR.	Articles on which the 100 per cent. has been apportioned from the Legislative Grant.		Articles sold at Catalogue prices without	Library, Prize,
	Public School Library Books.	tus and	any appor- tionment from the Lexislative Grant.	School Books, Maps, and Apparatus despatched.
	Dollars.	Dollars.	Dollars.	Dollars.
1851		 	1414	1414
1852			2981	2981
1858			4283	4233
1854			5514	56890
1855	9947	4655	4389	18991
1856	7205	9820	5726	22251
1857		18118	6452	40770
1858	3982	11810	6972	22764
1859	5805	11905	6679	24389
1860	5289	16832	5416	27537
1861	4084	16251	4894	25229
1862	3278	16194	4844	24311
1863	4022	15887	3461	23370
1864	1931	17260	4454	23645
1865	2400	20224	8818	26442
1866	4375	27114	4172	85661

II. Lapers on Canadian Book Trade.

BOOK IMPORTS INTO UPPER AND LOWER CANADA.

The following statistical table has been compiled from the "Trade and Navigation Returns" for the years specified, shewing the gross value of books (not insps or school apparatus) imported into Canada.