

This liability,—so far from being pressing,—was one which the public creditor would have too gladly allowed to remain, but the Government thought it proper to make provision for its gradual funding, partly out of deposits in the Government Savings Banks; partly out of deposits required from Insurance Companies, under the law, and by other equally certain means. Had they been disposed to place a loan for this purpose on the market, it could have been successfully accomplished without any difficulty; for the only loan issued since the Union (except the Intercolonial) was promptly taken up in Canada; the 6 per cent Stock being now readily saleable and in continued demand at a premium of 8 to 9 per cent: and the Government has been compelled to decline repeated applications for further issues.

A certain amount of bonded debt also fell due last autumn, for which ample provision had been made but the great bulk of the holders expressed in advance their wish either to renew it or convert it into the Dominion Stock already mentioned:—an offer which the Government thought it proper in the public interest to decline.

15. It is unnecessary to say more to prove how unfounded is any imputation that the motive of financial necessity had any part whatever in inducing the arrangements with reference to the temporary investment of the Intercolonial money, or to shew that the Government was influenced solely by the one single consideration of finding a temporary investment for it, on the condition of perfect security and immediate convertibility, by which a heavy loss of interest might be avoided.

In carrying this out, the Government took unwonted and exceptional precautions in order that, by no possibility whatever, might there be any doubt that the money borrowed would be as safe and as immediately available as it would have been, were it deposited at call in the Bank of England.

16. Some of these precautions are indicated in general terms in the Order in Council, approved of by His Excellency the Governor General in August last, a copy of which with the accompanying report of the Minister of Finance, it is presumed, was transmitted to the Secretary of State for the Colonies by His Excellency.

The Minister of Finance is not aware that any exception has ever been taken to the arrangements so made.

17. It is proper briefly to recapitulate the means immediately and prospectively available to the Government of Canada for the purposes above mentioned.

a. The Government have a cash balance in the hands of their Bankers of upwards of \$2,750,000, a portion of which they are now endeavoring—though so far unsuccessfully—to place on special deposit at interest.

b. They have a further special deposit with their Bankers at 4 per cent interest of \$1,500,000.

c. They have in the hands of Messrs. Baring and Glyn, an amount estimated by the last advices at \$2,900,000.

d. They have India Bonds in the hands of Messrs. Baring and Glyn, worth about \$750,000.

e. They have preferential securities, of undoubted value, payable in 1, 2, 3 and 4 years from January last, with interest, of the Great Western Railway Company of Canada, amounting to \$2,750,000.

f. They have receipts from the Post Office Savings Bank, which since their establishment have averaged about \$50,000 per month, and which in the course of the next year are estimated (beyond the cash in hand) at \$600,000.

g. They have deposits by Insurance Companies of Consols, Stocks and Bonds, about to be converted into cash within 2 years, of \$1,500,000.

h. They have purchased Bonds in anticipation of the requirements of the Intercolonial Sinking Fund to about \$270,000.

i. They have provided,—over and above the foregoing means,—special credits with the Bankers and Financial Agents of the Government for the express purpose of meeting any possible call on Intercolonial account, viz., with

Messrs. Baring and Glyn \$1,250,000.

The Bank of Montreal, \$2,500,000.