

change our agency in that respect. I have here a statement of the agents' commission. In 1881 one per cent. was paid on payment of dividends and principal on maturity on Canada 6 per cents., and on the first issue of Intercolonial Railway 4 per cents., and one-half per cent. on all other guaranteed bonds and ordinary Dominion loans. On 1st January, 1882, the other arrangement was made, and it is terminable on one year's notice from and after January, 1892, so that it is only terminable on the 1st January, 1893. By that arrangement, instead of one per cent., we pay one-half per cent. on interest and sinking funds; one per cent. on all new loans, to cover all charges, except stamp duty and actual brokerage payments; no commission on loans negotiated by the agent; one-half per cent. on conversion of Canada fives and other securities.

Sir RICHARD CARTWRIGHT. Does that apply to the old loans, of which there are some outstanding?

Mr. FOSTER. Yes. The only provision is that on any loans where the charge is less than one-half per cent., it is not to be raised.

Mr. MULOCK. The hon. Minister seems to justify this high expenditure for commissions on the ground that it is necessary to have strong financial agents in London. I thought he had taken the ground that his Administration had so improved the credit of Canada that it could take care of itself, and that it was not necessary to bolster it up by such arrangements as that which he is compelled to resort to. I called attention last year to the manner in which the sinking fund that was redeemed was taken care of, and I call attention to the same matter now. I understand that some of the bonds are payable to bearer. I suppose our agents in London redeemed some of our public debts. What becomes of the redeemed debt? It is not cancelled, I understand, but is still kept alive when it falls due, and is redeemed by sinking fund.

Mr. FOSTER. That is retained, of course. It is still an investment.

Mr. MULOCK. In whose hands is that investment?

Mr. FOSTER. In the hands of trustees.

Mr. MULOCK. Who are they?

Mr. FOSTER. I do not remember their names.

Mr. MULOCK. Could the hon. Minister state the amount of Government securities in the hands of trustees?

Mr. FOSTER. About \$22,000,000, I think.

Mr. MULOCK. The trustees have control over these securities.

Mr. FOSTER. They hold them in trust.

Mr. MULOCK. They are negotiable.

Mr. FOSTER. No, they are held in trust investments.

Mr. MULOCK. They are in the hands of the trustees, and would be negotiable if the trustees chose to commit a breach of trust.

Mr. FOSTER. As I understand, they are simply bought upon the market by trustees, just as any person else would buy them. Then they are held by the trustees, and instead of the inter-

Mr. FOSTER.

est being paid it is kept and added to the investment, and in that way it accumulates.

Mr. MULOCK. That is just the position in which I understood it to be, and that is why I call the attention of the Committee to the fact that to day \$22,000,000 of these securities of Canada are in the hands of trustees. I will assume that they are good strong men; but apparently their standing is not of sufficient importance to impress their names on the Minister's memory. This system of redeeming securities is going on, and year by year there will be larger amounts of trust securities in the hands of trustees, and we are running an unnecessary risk, it seems to me, in leaving our securities beyond our control, even in the hands of trustees. I felt a degree of anxiety when the crisis occurred last year, knowing that a large quantity of the securities of Canada were held by the bank in question in trust for the people of Canada. I am glad to know that nothing has occurred to occasion any loss to the country; but it is not a satisfactory position, in my opinion, and I trust that the Minister, now that he is going to revise our whole financial arrangements, will make provision for doing away with any unnecessary risk. I am unable to understand why we cannot cancel the redeemed debt at maturity and be done with it, instead of keeping the securities alive, a source of danger. In all future issues, it seems to me it would be a wiser plan to provide for redemption and payment of interest at the same time.

Mr. FOSTER. There is the condition of the law.

Mr. MULOCK. I know you cannot alter existing contracts.

Sir RICHARD CARTWRIGHT. Does the hon. Minister know whether these various securities, amounting to \$20,000,000 or thereabouts, are in the position of inscribed stock, or whether any portion are held as bonds?

Mr. FOSTER. I cannot say what proportion.

Sir RICHARD CARTWRIGHT. I have several times mentioned the extreme desirability of having all those put in as inscribed stock. When they are put in as inscribed stock, instead of as bonds, I think that, so far as the security goes, it would probably be sufficient; for, if my memory serves me, one of the trustees is our own Receiver General. We have altered the status of that functionary so often that I really forget whether the Minister of Finance does not combine in his own person the position of Receiver General. I think he does, and in that case these securities should be in his name as well as in the name of one or perhaps both our financial agents. I rather think there are three trustees.

Mr. FOSTER. There are three at least.

Sir RICHARD CARTWRIGHT. So that if our Finance Minister and one of our agents and some third party be the holders of the inscribed stock, specifically described as in trust, there would not be any very material danger.

Mr. MULOCK. Quite so; but it seems to me all the securities should be in Canada. I understand that the redeemed bonds are in London, England. Why not have them in our own custody here?