

contemplated the matter. Under these circumstances it is the duty of the House to consider in what position we stand in dealing with this question. The avowed desire of the Province is in favor of uninterrupted trade, and at this period, the object is not to break off all commercial intercourse, but to negotiate the extension of the commercial privileges the Province enjoys. Under these circumstances, in the negotiations of the Treaty the Customs of Canada must necessarily occupy a prominent part. And, supposing the House were disposed to reduce the duties to-night, I should not take upon myself the responsibility of advising them. The Government has come to the conclusion that it is not advisable to approach the question of dealing with the Customs' duties this session, beyond these changes necessitated by the imposition of the excise. It is certain, however, that whatever befalls the Treaty, we must have a revision of the Customs' Duties before long. I should like to have invited the attention of the House to some articles this session, but public policy prevented it. I think that if we were to reduce the duties now, we might have a readjustment of the Tariff twelve months hence, in negotiating with the American Government, and such frequent changes would cause a great disturbance of trade. With regard to the canal tolls, the Government have left matters much the same as they were in 1859. As regards the general question of tolls, I consider that all public works should be made as productive as possible. (Hear, hear.) But we should not lose sight of the greater object in securing a lesser. The Western trade gives such vitality to our shipping and commercial interests, and is of such general benefit to the country, that we might well, if necessary, sacrifice our whole revenue of public works, rather than sacrifice the trade itself. The canals were never constructed for making profit, but to obtain trade which would afford moderate tolls, sufficient to keep them in repair. The policy of 1860 was eminently successful; but I am not prepared to say at this moment that that policy should be replaced. As it is, our policy ought to be one of making public works pay for ordinary labors and repairs. My impression is, that that object can be attained at the same time that a very great boon is conferred on the carrying trade, and that we may recover a very large portion of the Western trade that has left us. I cannot forbear referring to the effect it must have in our relations with the Western States; the question is this—will you get from the Forwarders all you can get, or will you prevent that trade coming at all? I am prepared to take the medium course: but I am not prepared to state the exact changes that will be made in the way of a reduction of tolls. In the estimates for the revenue, I have made a small reduction of \$65,000 or \$70,000, in the gross receipts for public works.

Mr. WHITE—Will you lose that?

Hon. Mr. GALT—We will not. We have lost more in the trade gone away from us. The estimated expenditure for 1864-65 is \$11,686,800, and the estimated income, \$11,863,600. In reference to the Customs duties, I venture to estimate an increase under the new taxation scheme of \$200,000 upon the whole year. It is perfectly certain that if we get a bountiful

harvest, we shall have prosperous Custom duties; if a bad harvest, no estimate that can be made but is liable to be disturbed. I thought it safe to venture \$200,000, owing to the increase of population. The result of the scheme, if the House assent to it, will be, after providing for all redemption of debt and other purposes, to leave us a surplus of \$177,000. It is certainly better to under-estimate than over-estimate, and I have gone upon this basis throughout.

Hon. Mr. HOWLAND—Do you propose any alteration with regard to the Free Ports?

Hon. Mr. GALT—No. The law as it stands prevents us doing more than can be done except by an Order in Council. We are pledged to maintain a certain policy for a certain time, and cannot with propriety, interfere with it. In reference to the balance of \$449,000, due 30th June next, we shall have absolutely the payments from the Bank of Upper Canada coming in support of the cash balances. At the beginning of the year there were, deducting unpaid warrants, upwards of \$300,000. We do not apprehend that the arrangements Hon. Mr. Holton made at the close of last year, will make it a matter of difficulty to meet the \$449,000 assumed deficiency for this year; part of this will be met by the funds from the Bank of Upper Canada, and part from the cash balances. The large amount we owe to the London agents is the great difficulty. This arises from the fact that our securities are at such a price that very serious loss would result from our being called to realise them to make good this debt. With reference to the position of this debt, the late Finance Minister commenced remittances early this year, for the purpose of meeting interest accruing in July; these remittances have been continued by myself. The whole amount remitted to this time is £215,000 stg., since the 1st Jan.

Hon. Mr. HOLTON—Did you remit anything lately?

Hon. Mr. GALT—There have been further remittances by this last mail. I am prepared to assure the House, there is no difficulty in meeting the July interest, and the payment for the sinking fund directed to be made. Therefore, what the House has to consider is the balance remaining on the 31st of December last. The amount of that balance is one we may well regard seriously, though not with apprehension, it being \$3,564,000. Our Financial Agents in London, in the course they have adopted towards the Province, having in their hands an equivalent amount of our bonds, which they have a right to sell for cash, have shown a great amount of devotion to the interests of the Province. (Cheers.) I had the pleasure of conversing with the Hon. Mr. Holton when he assumed office, concerning this balance, and I wrote to the agents requesting that till the House had time to consider the measures the Government would bring down, they would make no disposition of the bonds. I am now able to state that those gentlemen have done so. They have exercised great forbearance, and it is only due to them I should make these statements, because for a very long period we have been greatly indebted to our agents. [Cheers.] Under these circumstances, the principal difficulty is the provision for these three and a half millions. I cannot contemplate the sale of our bonds at anything