

Motion agreed to, Bill read the second time, and House resolved itself into Committee.

(In the Committee.)

Sir RICHARD CARTWRIGHT. What is the reason for sub-section 2.

Mr. TUPPER. The necessity for this Act was shown in connection with the steamer now plying between Halifax and Boston, and owned in Canada. That steamer is subject to our inspection laws, and it is brought into competition with two American steamers, and it is subject also to the inspection laws of the United States at Boston, while we are unable to bring the American boats plying between our ports and Boston under the provisions of our Inspection Act, as the Act does not apply to steamboats plying between any port in Canada and any port out of Canada. The object of this Bill is to enable us to apply the Inspection Act to those steamers.

Bill reported, and read the third time and passed.

Sir JOHN A. MACDONALD moved the adjournment of the House.

Motion agreed to; and House adjourned at 12:35 a. m. (Friday).

HOUSE OF COMMONS.

FRIDAY, 5th April, 1889.

The SPEAKER took the Chair at Three o'clock.

PRAYERS.

LOAN OF 1888.

Sir RICHARD CARTWRIGHT. The hon. Minister of Finance intimated that he would make a statement yesterday in reply to my remarks on the 3 per cent. loan. He was not able to do so, as the House did not go into Committee of Supply. Perhaps it would suit his convenience to make it now. It is not likely that there will be any debate on it.

Mr. FOSTER. I suppose it is just as well to say what I have to say now as to wait until the House goes into Committee of Supply. I have read very carefully, and have considered, along with the officers of my department, the remarks that were made by my hon. friend from South Oxford the other night with reference to the loan of 1888, and the paragraph in the prospectus referring to purchases from that loan for sinking fund purposes. In order to understand the matter a little more clearly, perhaps it would be well to go back beyond the loan of 1888, and take cognisance of the fact that, as my hon. friend knows, our earlier loans had, in the different years in which they were negotiated, a sinking fund attached, by which the Government was obliged to set apart a certain amount of money each year, a percentage of the face of the loan, and with that to purchase securities under trustees, which were to be set off as against the particular loan; and these, together with the accruing interest from year to year, were to constitute a sinking fund, and a set off as regards each loan. So that, at the present time we are face to face with this fact, that, as a result of the conditions of former loans, we have to set apart on an average about \$2,000,000 per year—that is, we have to buy out of securities what would be equal to \$2,000,000 per year on an average to offset the loans having sinking fund attachments. There are certain limitations, of course, as to the kind of securities which can be purchased. We are precluded, as my hon.

Mr. TUPPER.

friend knows, from buying stocks of companies, which are liable to great changes, and which are not what you may call standard stocks; and the same consideration applies in almost as great a degree to municipal debentures. Then, the stocks of different Governments have also in a great many cases to be refused, because the conditions are not profitable, and they are not always considered safe; and with reference to British consols, the conditions of those are such that we have never bought them, and it would not be profitable for us to buy them, so that, as a matter of fact, we have, from the earliest period, invariably, I think, invested in our own stocks in purchasing to meet the sinking funds of the various loans; and at the present time, we are obliged to make purchases sufficient to offset to the amount of about \$2,000,000, on an average, yearly. The prospectuses which were issued in connection with the other loans, had in them a clause which bound the Government to buy out of the loans, so long as they did not go above par; but left the option with the Government, when they went above par, to buy from these loans or not, as they chose. As a matter of fact, when our stocks in 1885, or about that period, came to be all above par, the sinking funds were still provided out of our own stocks, even though they went above par, and the last year we bought for that sinking fund out of 4 per cent. stocks as high as 114½ or thereabouts. The prospectus of 1888 of the loan now under discussion, carried out the same principle as was carried out in the prospectuses of the preceding loans, although I grant my hon. friend and the House that it was stated a little more explicitly, and perhaps carried with it a pledge a little more definite than the clauses of the preceding prospectuses. But there is this to be understood, that it had been the practice, from the earliest time, to pledge the Government to buy from stocks below par, or at par, and to use the option with reference to purchasing from our own stocks when they went above par; and here was a loan of which the minimum price was fixed at 92½, and which must perforce be a stock below par, and the clause in the prospectus simply expressed the intention of the Government to purchase for the sinking fund out of that stock which must necessarily be a stock below par. The Government does not hold that they are bound to purchase out of that stock for the purpose of a sinking fund, if that stock has appreciated unreasonably, or if it is apparent that there is a combination which exists for the purpose of raising the stock unduly, and it is not a difficult matter at all to judge as to whether the stock is being unduly appreciated or not. It is, of course, an advantage to buy from our own stocks generally, because we have no income tax to pay. Upon the stocks that we would buy of other Governments or colonies, I think in Great Britain we would have to pay an income tax, which would add a certain definite amount to their cost. Again, if we buy our own stocks, which are below par, it is a collateral advantage, and a decided advantage, in order to appreciate that particular stock and lay better conditions for the loan which is to succeed. So much may be stated as regards the considerations which make it necessary for us to buy a large amount for our sinking fund, as to the practice we have pursued heretofore, and as to the intention expressed by the Government, and which was simply an expression of intention, which does not bind the Government, if it be seen that there is an unreasonable appreciation. I think it is sufficient to state this fact in conclusion, which is stronger than any fancies we may indulge in with reference to the future. We have been buying out of that stock from the 1st of July of the current year. We have bought over \$1,000,000 of that stock, and so far from there being any undue appreciation of the price or any evidence at all of putting up the price by combination, we have bought at a lower price than we received for the loan, £95 ls. We bought, for instance, on the 1st of July, 1888, at 94½, 94½ and 94½. On the 1st of October, we bought