

no possibility of saying at what time a change would take place so that we might get a larger rate. Therefore, after thinking the whole matter over, it was considered best, as exchange was largely in our favor from London to New York at that time, to send the money by exchange to New York, under which operation we gained a fair sum for the exchange. We were running the risk of placing the money at a better rate of interest here than we could get in London. It was certain that we could get a considerably larger rate, and we could not know how much larger amount we might possibly get. Under these circumstances, the money was exchanged to New York, and, as I said before, a certain sum was made by the exchange. The money was then placed in four Canadian banks at the best rate they would give at that time, which was $1\frac{1}{2}$ per cent. It was the intention of the Government, taking into consideration the rates of exchange as they have been on the average for a number of years, to keep that money on deposit until the 1st January, and then, as the exchange would be, according to previous experience, likely to be favorable, to send the money from New York to London, under which arrangement a large amount would have been gained by the re-exchange, and those two sums so gained, being added to the amount received for the money deposited here, would have given us a much larger interest than we could have obtained by leaving it in London.

Sir RICHARD CARTWRIGHT. How did that work out?

Mr. FOSTER. It did not work out as we expected. The rates of exchange during the past year, as my hon. friend knows, have been altogether abnormal, owing to the slow movement of the cotton crop, the cost of wheat in consequence of the speculative prices which prevailed here and which precluded shipments, and to the large imports into the United States. Consequently, there was a difference in the exchange between New York and London which had not obtained for a long series of years, and there was altogether a difference in the normal rulings of exchange, so that, when the 1st January arrived, instead of there being the usual state of things, gold was being shipped to London, and it would not have been profitable for us to exchange to London. Under those circumstances, we made arrangements with the banks, and, according to the statement which I brought down to the House a few days ago, a large amount of this money remains in deposit in the Canadian banks at from 3 to $3\frac{1}{2}$ per cent., running until the 1st July, 1889. I suppose that no person can well make calculations in business matters extending over a number of years, on the basis of the records for that period, who is not liable to be upset in his calculations by the force of abnormal causes. Those causes have rather upset the calculations made for the present year, but this fact remains, that, when this money will have been returned to pay what we have to pay in London, taking all the cost and all the interest we have received for deposits, we shall find at the worst that we shall have paid for the million of pounds that we had on surplus for the year a rate not exceeding 4 per cent., which is certainly not more than we would have had to pay for a temporary loan which we would have had to make a year afterwards.

Sir RICHARD CARTWRIGHT. Will the hon. gentleman permit me to ask him one question? Was any obligation formally entered into on the part of the Government of Canada that they would use their sinking fund to purchase those 3 per cent. securities, and, if so, was that a positive obligation?

Mr. FOSTER. My hon. friend means, if I understand him, are we to buy—

Sir RICHARD CARTWRIGHT. Are you to use your sinking fund to make purchases out of the 3 per cent. loan?

Mr. FOSTER.

Mr. FOSTER. I think, so far as my information goes, that our investments for sinking fund purposes are to be made out of the 3 per cents.

Sir RICHARD CARTWRIGHT. That is a positive pledge?

Mr. FOSTER. I do not think it was a positive pledge, I cannot speak certainly.

Sir RICHARD CARTWRIGHT. Perhaps the hon. gentleman's predecessor can tell him.

Mr. FOSTER. But I know that is what we are doing, and that is, I think, what we should do, because I think it has its advantages, taken all in all.

Sir RICHARD CARTWRIGHT. When the hon. gentleman returns after six perhaps he will be able to tell the House whether the pledge was a positive one or not. Something depends upon that.

Mr. FOSTER. I will be able to say, but I do not think it was a positive pledge. As showing the favorable nature of that loan of which I have been speaking, as compared with loans of other countries which were negotiated during the same year, I will read the following table, showing the loans effected by various countries in 1888, with the per cent., and price received:

	Loan.	Per Cent	Price Received.
Victoria	£15,000,000	4	£108 $\frac{3}{4}$
Mexico	3,700,000	6	78 $\frac{1}{2}$
Brazil	6,000,000	4 $\frac{1}{2}$	97
New South Wales	3,500,000	3 $\frac{1}{2}$	103-12-2
India	7,000,000	3	96-7-0
Queensland	2,500,000	3 $\frac{1}{2}$	94-16-6
Argentine Republic	3,933,580	4 $\frac{1}{2}$	87
Uruguay	4,255,300	6	82 $\frac{1}{2}$

In respect to the Indian loan, we all know that it is much the same as a loan by the Government of Great Britain itself. Some of those countries are fair countries for comparison with Canada; others may not be so fair; but, as is shown in the case of all of them, even of that of India, I think, considering the circumstances which rule in an Indian loan, as compared with a colonial one, the late loan by Canada, may be considered to be very satisfactory indeed. So much with reference to the loan. I now ask the indulgence of the House for a few moments while I turn to another and more interesting subject—the commerce of the country for the past year. In speaking of the commerce of Canada one can scarcely avoid taking into consideration the state of commercial operations and commercial confidence in Great Britain and the United States of America, because these two great countries, with which we have so large a commerce, and which have so large a commerce with the rest of the world, are, as it were, barometers of the commercial feeling and of the commercial enterprise of the world. I find that in Great Britain the year that has just passed has been a fairly prosperous year, taking it through and through, and trade in Great Britain, as shown from all advices, has steadily improved. It has been sound and progressive, and there has been an absence of speculation, which has been especially marked, and business is reported as being more active at the present time than it has been for many years past. A great impetus has been given to the shipping trade, and to shipbuilding in Great Britain, as in our own country, by the