

prosperity through the markets of the world. I think the country has awakened to the fact that, in the effort to make prosperity for the farmers through the stimulating of manufactures, the cart was being placed before the horse. If we can fill up the farm lands of Canada with industries, prosperous and happy settlers, producing, not for the home market only, but for the markets of the world, we shall have the truest possible foundation for a successful manufacturing industry and for general prosperity. Let us then, while we rejoice in these figures which I have the privilege of presenting to the House, and while we rejoice in this prosperity, let us remember that that prosperity is due chiefly to the success of the farmer, and let us see that by every reasonable and proper effort we shall endeavour to encourage the development of agriculture throughout the Dominion of Canada.

I desire now to draw the attention of the House—though it may be necessary only as a matter of form—to the new loan which I had the pleasure of raising on the London market last autumn. You will recollect that a Loan Act was passed last session for \$15,000,000. There were outstanding borrowing powers at that time to the amount of upwards of \$8,000,000, and that together with our powers under the Act of last session, gave us borrowing powers to the amount of upwards of \$23,000,000. The objects of these large borrowing powers are well known. We had entered upon large expenditures in respect to canals; we had incurred considerable obligations in respect of railways, and it was necessary to make provision for these as the obligations might arise. I may say that at the time the Loan Bill was before the House last session, the impression upon the minds of some hon. gentlemen was that the \$15,000,000 was rather less than we should require. However that may be, taking the \$15,000,000 which Parliament authorized us to borrow, together with the \$8,000,000 outstanding borrowing powers, we were entitled to borrow \$23,000,000. We did not, however, think it wise to exercise that power to the full extent. We came to the conclusion that it would be a wise policy to make our new loan for a moderate amount, and it was decided that we should make a loan for £2,000,000 sterling, or about \$10,000,000. There were several reasons for that. We did feel hopeful, in view of the growing prosperity of the country, that we should not need to borrow so large a sum as many hon. gentlemen thought would be necessary, and there was the further consideration, that after due deliberation we resolved to try a very serious experiment—if one can call anything like that an experiment—we resolved to take the somewhat serious step of making a break in the rate of interest in

the London market, Canada up to that time had no securities below 3 per cent, nor had any other colony. In view of the favourable condition of the money market; in view of the high position of Canadian credit; in view of the general tendency towards a reduction in the rate of interest, we thought the time had come when we could make the experiment—some called it a bold experiment—of going on the London market and asking the investors to buy our bonds at a 2½ per cent basis. And, Sir, having thought that matter out, we came to the conclusion that it would be a wise policy to make our first loan at that rate for a very moderate amount. We so decided for this reason: that in going upon the market with a new loan at a new rate, one always has to meet a certain degree of prejudice; one will never get in a first operation of that character so good a price as may be expected later. We thought, therefore, that if we could get along comfortably with £2,000,000 sterling, it would be wise to confine our loan to that amount in order that we might establish the market for our securities on a 2½ per cent basis, with the expectation that they would increase in value and that at no distant date, when it would be necessary for us to go on the market for the balance, we should have our credit fairly established on the 2½ per cent basis. Believing the moment favourable, in the month of October, we arranged to place our loan upon the market. The conditions of the market up to that time had been reasonably favourable, but the money market did take a slightly unfavourable turn at the eleventh hour of our transaction. After our prospectus had been issued the money market hardened somewhat, and on the very evening before our tenders were to be received, the Bank of England rate—which is the standard which governs all money transactions in London—was advanced a half per cent. Taking such a serious step as we were at that time, one might well have some anxiety as to the result in view of that unfavourable turn. However, I am glad to be able to state that so strong was the position of Canada in the money market, that when this proposal was made, even under that momentary adverse circumstance, the response of the public was very satisfactory and our loan was more than doubly subscribed. We placed the bonds on the market at the price of 91 and they were taken at 91 pounds 10 shillings and 5 pence.

Considering, Sir, that it was the first operation of the kind that any colony had ever attempted, I feel that we all have great reason—and I am sure my hon. friends opposite will join in my words heartily when I say it—we have all great reason to congratulate ourselves, irrespective of party, upon the