THE FINANCIAL STATEMENT.

We have not space to give in full the speech of Hon. Mr. Rose in laying before the House the statement of the financial condition of the Dominion, but we shall endeavour to give to our readers in as few words and figures as possible, the information therein contained. We shall, for the present, refrain from any comments on the modes in which the Minister of Finance proposes to raise funds to meet the heavy floating debt of the country; we shall only agree with the majority of those who listened to his speech—as well those on the opposition benches as the supporters of the Government—in stating that it was clear, concise and candid, dealing with the affairs of the country as they are, and meeting the conditions of things fully and squarely.

We shall commence by giving the statement of the Receipts and Expenditure of Canada proper for the year ending June 30, 1867, its last year of separate existence, which were as follows:—

RECEIPTS.

Customs	$ 6,973,261 77
Excise	1,950,701 62
Post-Office	479,025 65
Ocean Postage	67,434 27
Public Works	408,168 92
Provincial Steamers	38,164 36
Territorial	776 379 8[illegible]
Casual	16,468 01
Quebec Loan	80 00
Interest on Investments	87,527 36
Premium and Discount	16,216 66
Bank Imposts	18,042 42
Law Fees, 12 Vic., Cap. 63 and 64	25,391 77
Fines and Forfeitures	12,901 15
Bill Stamps	104,022 16
Law Fees, L.C., (Con. Stat. L.C., Cap. 93)	84,699 70
Do. U.C., (County Attorneys)	34,003 10
Tonnage Duties, (Quebec River Police)	9,836 27
Do. (Mariners' Fund)	9,697 05
Passenger Duty, (Emigration & Quarantine)	22 621 00
Railway and Steamboat Inspection	6,759 70
Fisheries	10,490 90
Cullers Fees	61,004 81
Penitentiary, Reformatories, &c.	67,135 86
Hospitals and Charities	6 266 55
Militia	32,856 59
Trinity House, Quebec	2,0[illegible]6 09
Registration, L. C.	3,910 69
Municipal Loan Fund, U C	189 782 60
Do. do. L C.	81 858 85
Quebec Fire Loan	3,556 72
Law Society	14,935 03
Court Houses, L. C.	38,969 [illegible]8
Building and Jury Fund, L. C.	18 026 63
Upper Canada Building Fund	23,645 05
Municipalities Fund, U. C	17,708 48
Do do L C	16 632 52
Educational do. L C.	56,678 05
Do do L C	31,696 48
Common School Fund	124,596 48
Copyright Duties	895 26
Indian Fund	32 422 45
Great Western Railway (Interest Acct.)	[illegible] 22
Northern Railway, do do.	1 873 30
Public Works, Special.	20,000 00
Tug Steamers	16 190 00
Trust Fund Investment	3,400 00
Consolidated Fund Investment	146,647 07
Receipts from Sales of Public Works	24,302 17
Tavern Licences applicable to Municipalities, L. C.	4,960 02
Revenue proper	$12,313,239 80
Debentures and Stock $ 873,200; Provincial Notes 3,113,700	$ 3,986,900 00
	$16,400,139 80

PAYMENTS.

Interest on Public Debt	$ 3,631,788 56
Charges of management	183,475 35
Sinking Fund	243 333 34
Premium, Discount and Exchange	54,169 12
Civil Government	536 760 11
Administration of Justice East	412,900 63
Do do West	339,498 79
Police	30 973 08
Penitentiary, Reformatories and Prison Inspection	243,813 64
Legislation	385,962 15
Education East	273 647 63
Do West	346,721 15
Literary and Scientific Institutions	14 802 50
Hospitals and Charities	347,935 71
Geological Survey	23,278 04
Militia	1,412,932 04
Arts, Agriculture and Statistics	57 912 88
Agricultural Societies	108,078 25
Emigration and Quarantine	52,798 74
Pensions	51,485 18
Indian Annuities	35 420 00
Public Works and Buildings	510,165 03
Rents and Repairs	109,056 55
Roads and Bridges	145,103 50
Ocean and River Service	340,392 06
Light Houses and Coast Service	110,461 34
Fisheries	36 807 34
Seigniorial Tenure redemption	200,777 25
Township Indemnity	105,563 04
Culling Timber	65,043 29
Railway and Steamboat Inspection	10,648 52
Advances and Repayments	148,622 67
Removal to Ottawa	7,760 58
Indian Fund	150,825 22
Municipalities Fund, East and West	109,242 41
Secret Service	41 601 17
Miscellaneous	153,385 17
The Collection, &c., of Revenue:—	
Customs	627,612 63
Excise	140,647 59
Post Office	559 195 25
Public Works	267 500 23
Territorial	163,403 98
Stamps	6 149 02
Fines and forfeitures	5,152 26
Minor revenues	1,029 81
Special Funds	76,344 49
Expenditure proper	$12,915,973 37
Redemption of Public Debt	1 813,117 17
Total Payments	$14,729,090 54

According to these figures, there is an apparent deficit of $562,733 for this year, but the items included large amounts for exceptional accounts, which commenced last year, and had to be continued this year, and also for public works, which would not be likely to occur again, and which might fairly be deducted from the ordinary expenditure of the year.

Concerning the fixed debt of the Dominion, the Minister of Finance said:—

"This brings me down to the consideration of the state of affairs when, on the *1st July last*, we entered on our present constitutional arrangements, and it is perhaps necessary that I should refer for one moment to those features of the Union Act which affect the money dealings of the Dominion. As the House is aware, the Dominion, when taking possession of the revenue and of certain property of the four Provinces, also assumed certain obligations of those Provinces It is stipulated in the Union Act that the amount of debt with which the Provinces should go into the Union should be:

For Ontario and Quebec	$62,500,000
For Nova Scotia	8,000,000
For New Brunswick	7,000,000
	$77,500,0000

It is further provided that the Dominion shall be liable for the obligations of the several Provinces at the time of the Union, no matter to what sum they may amount. Clause III. says that "Canada shall be liable for the debts and liabilities of each Province existing at the Union," which, of course, means liabilities in excess of stipulated debt. The Dominion is bound, in addition, to pay the interest of this public debt of $77,500,000; also to pay the stipulated subsidies of 80 cents per head of the population of each Province, and besides, the supplementary grant of

$80,000 to the Province of Ontario.
70,000 to the Province of Quebec
60,000 to the Province of Nova Scotia.
50,000 to the Province of New Brunswick.

$260,000

New Brunswick receiving in addition the sum of $63 000 per annum for the consideration mentioned in the Act. Besides all this—and I mention these details that the House may correctly understand the difficulty which exists in making up exact statements to be laid before it, of the outlay for which it will be my duty to ask a vote at its hands—the Dominion is bound to defray certain expenses of Civil Government the salaries of the Local Governors, of the Judges, and of all officers in the various Provinces who become officers of the Dominion From these payments we have, of course, to deduct the interest on the excess of debt assumed on behalf of any of the Provinces

I now come to the next point in my programme—an account of the sums that have been received by the Dominion from the 1st July last, up to the latest hour *to which I could place them in possession of the* House, and also of the sums expended by the Dominion on "Dominion account"—a phrase I shall hereafter often have to use. The statements of these amounts were finished late last evening and are now in the hands of honourable members. With your permission, sir, I shall refer to the total sums in order that the House may see the condition of the income and expenditure of the Dominion as nearly as possible. I say as nearly as possible, because there, no doubt, are on both sides of the account some items which do not properly belong to the Dominion, but to the several Provinces. The machinery of Government has, in in many cases, been carried on since 1st July last by Dominion officers, both for the Dominion and for the local governments, and items of revenue and expenditure belonging to the several Provinces have found their way into the accounts of the Dominion. These will, however, all have to be accounted for when a final adjustment is made, and have to be refunded to the Provinces, as being either arrears belonging to them, or proceeds of local property or included in the debt. This is peculiarly the case in regard to the Provinces of Ontario and Quebec, for which the Dominion officers at the head of the government have performed for some time functions which may hereafter have to be performed by their own officers. For example, the Crown Lands accounts for those Provinces have been brought into the Dominion accounts, but they will all form the subject of adjustment when the arbitration between Ontario and Quebec takes place. (Hear) The first account, marked A, is an abstract of the cash receipts and expenditure from all sources from 1st July to the 20th November, 1867, that is, a statement of all the cash which has gone into the public chest, whether on Dominion account proper, or on account of the Dominion as acting for local funds. The totals show that the amount received since the 1st July

is	$7,427,615
while the total amount paid out during the same period is	6,323,035
leaving an apparent surplus of revenue over expenditure	$2,104,580

but in this expenditure, it will be perceived, all the large payments which occur periodically are not included, of which the principal is the interest on the Public Debt, payments which have since, in a great measure, absorbed this surplus."

The following is the condition of the floating debt of the Dominion, as it stood on the 31st of October:

"There was then due to the fiscal agents in England on Canada account—on account of what are now Ontario and Quebec		$2,404,115
There was due to the fiscal agents of the Province of Nova Scotia		1,312,740
There was due to the fiscal agents of the Province of New Brunswick, one account of	$112,010	
and another, since paid, of	151 970	
Making together, on account of New Brunswick		263 980
Being a total sum due to the fiscal agents in England of		3 980 835
There was due in Canada, to the Bank of Montreal		2 575,000
And a further sum on the redemption of circulation of	$356,066	
From which however, are to be deducted bonds the Province receives on paying that amount	206,980	
		149,086
Making the total sum due to the Bank of Montreal		2,724,086

Then there is on account of the Sinking Fund, which is of course properly chargeable to revenue, but which has found its way into the accounts of the fiscal agents, the sum of $206,980.

The floating debt then is as follows:

Due fiscal agents	$3 980,835
Due Bank of Montreal	2.724,086
Sinking Fund account	206,980
Total	6,911,801

exclusive of the Provincial notes and debentures.

I will now state to the House the mode in which the Government propose to deal with this floating debt. In the first place, there are certain assets, which the Government of Canada have and which ought pro*perly to be realized, in order to go in liquidation* of that debt There are £250 000 sterling of bonds of the Province of Nova Scotia, now in the hands of the fiscal agents in England, that one item representing about a million of dollars. Then there are due to the Dominion of Canada certain sums by various corporations, institutions, and municipalities—forming a very considerable amount *in the aggregate*, which, if all collected, would reduce in a very considerable degree this floating debt I do not presume that it is possible with due regard to existing interests to force unduly or harshly the payment of those large amounts. Still there is a very considerable sum. I am satisfied, which will be available from those sources within a not very remote period *And I think it is the duty of the Dominion* when it has to pay a high rate of interest on its floating debt, to realize those assets as rapidly as they can be realized, with a due regard to the interests involved." (Hear)

Mr. Rose then proceeded to indicate the course Government meant to take to provide for this floating debt, after realizing the various assets of the Dominion, such as the debts due by the Great Western and Northern Railways, &c He stated that it was proposed to take power to create a Dominion stock, in which trustees, executors, corporations, the Court of Chancery and others might be able to make their investments. He believed a very large amount might be got in that way. It was also proposed to give facilities for the purchase of terminable annuities. A third way to obtain money would be by the extension of the principle of Savings Banks. He believed a very much larger amount of money would be deposited if the savings were guaranteed by the Government, instead of only by private companies This was proved by the larger proportion per head of deposits in Nova Scotia and *New Brunswick, where the Savings Banks* were administered by Government, than in Ontario and Quebec under their system. Still another mode by which it was believed a large amount of money might be obtained, would be by compelling the Life Assurance Companies *doing* business in Canada to give the same guarantees now exacted from the Fire Companies. Another way in which some portion of the debt might be met was by the gradual extension of the circulation of Provincial Notes. There was still another way, which he, Mr. Rose, could only hint at as yet, namely, by the use of Exchequer Bills, on certain conditions connected with some provisions with reference to silver. In reference to the time which could be obtained in which to meet the floating debt, Mr Rose stated that the $2,500,000 due the Bank of Montreal had matured on the 1st of December, and had been renewed up to the 30th June next. He thought that there would be no difficulty with the fiscal agents in England in carrying the floating debt there for such time as was necessary to make the arrangements he had referred to.

Mr. Rose next proceeded to give the estimates of