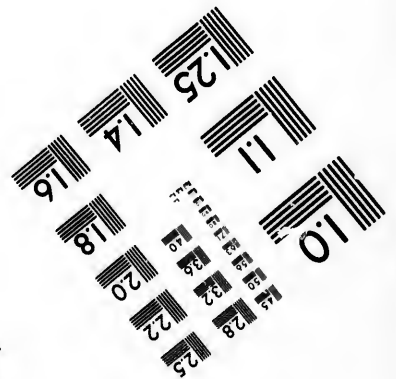
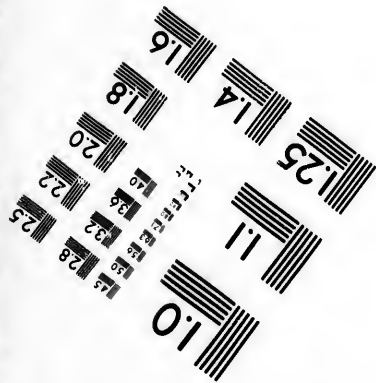
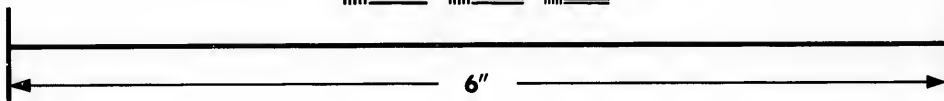
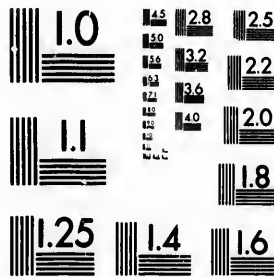


**IMAGE EVALUATION  
TEST TARGET (MT-3)**



**Photographic  
Sciences  
Corporation**

23 WEST MAIN STREET  
WEBSTER, N.Y. 14580  
(716) 872-4503

15 28 25  
32 22  
20  
8

**CIHM/ICMH  
Microfiche  
Series.**

**CIHM/ICMH  
Collection de  
microfiches.**



Canadian Institute for Historical Microreproductions / Institut canadien de microreproductions historiques

10  
01

**© 1985**

Technical and Bibliographic Notes/Notes techniques et bibliographiques

The Institute has attempted to obtain the best original copy available for filming. Features of this copy which may be bibliographically unique, which may alter any of the images in the reproduction, or which may significantly change the usual method of filming, are checked below.

L'Institut a microfilmé le meilleur exemplaire qu'il lui a été possible de se procurer. Les détails de cet exemplaire qui sont peut-être uniques du point de vue bibliographique, qui peuvent modifier une image reproduite, ou qui peuvent exiger une modification dans la méthode normale de filmage sont indiqués ci-dessous.

- |  |  |
|--|--|
| <input type="checkbox"/> Coloured covers/<br>Couverture de couleur   | <input type="checkbox"/> Coloured pages/<br>Pages de couleur   |
| <input type="checkbox"/> Covers damaged/<br>Couverture endommagée  | <input type="checkbox"/> Pages damaged/<br>Pages endommagées   |
| <input type="checkbox"/> Covers restored and/or laminated/<br>Couverture restaurée et/ou pelliculée  | <input type="checkbox"/> Pages restored and/or laminated/<br>Pages restaurées et/ou pelliculées  |
| <input type="checkbox"/> Cover title missing/<br>Le titre de couverture manque   | <input checked="" type="checkbox"/> Pages discoloured, stained or foxed/<br>Pages décolorées, tachetées ou piquées   |
| <input type="checkbox"/> Coloured maps/<br>Cartes géographiques en couleur   | <input type="checkbox"/> Pages detached/<br>Pages détachées  |
| <input type="checkbox"/> Coloured ink (i.e. other than blue or black)/<br>Encre de couleur (i.e. autre que bleu ou noire)  | <input checked="" type="checkbox"/> Showthrough/<br>Transparence   |
| <input type="checkbox"/> Coloured plates and/or illustrations/<br>Planches et/ou illustrations en couleur  | <input type="checkbox"/> Quality of print varies/<br>Qualité inégale de l'impression   |
| <input type="checkbox"/> Bound with other material/<br>Relié avec d'autres documents   | <input type="checkbox"/> Includes supplementary material/<br>Comprend du matériel supplémentaire   |
| <input type="checkbox"/> Tight binding may cause shadows or distortion<br>along interior margin/<br>La reliure serrée peut causer de l'ombre ou de la<br>distortion le long de la marge intérieure   | <input type="checkbox"/> Only edition available/<br>Seule édition disponible   |
| <input type="checkbox"/> Blank leaves added during restoration may<br>appear within the text. Whenever possible, these<br>have been omitted from filming/<br>Il se peut que certaines pages blanches ajoutées<br>lors d'une restauration apparaissent dans la texte,<br>mais, lorsque cela était possible, ces pages n'ont<br>pas été filmées. | <input type="checkbox"/> Pages wholly or partially obscured by errata<br>slips, tissues, etc., have been refilmed to<br>ensure the best possible image/<br>Les pages totalement ou partiellement<br>obscurcies par un feuillet d'errata, une pelure,<br>etc., ont été filmées à nouveau de façon à<br>obtenir la meilleure image possible. |
| <input type="checkbox"/> Additional comments:/<br>Commentaires supplémentaires:  |  |

This item is filmed at the reduction ratio checked below/  
Ce document est filmé au taux de réduction indiqué ci-dessous.

10X	14X	18X	22X	26X	30X
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12X	16X	20X	24X	28X	32X

The copy filmed here has been reproduced thanks to the generosity of:

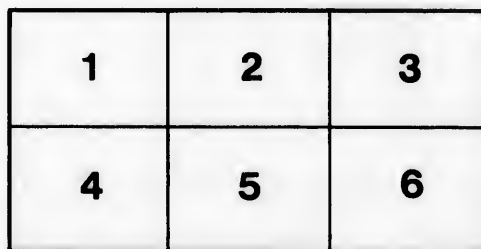
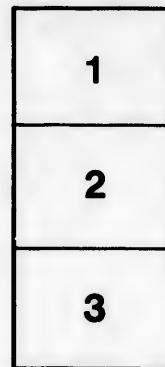
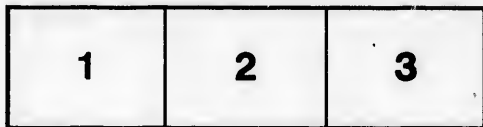
Library of the Public  
Archives of Canada

The images appearing here are the best quality possible considering the condition and legibility of the original copy and in keeping with the filming contract specifications.

Original copies in printed paper covers are filmed beginning with the front cover and ending on the last page with a printed or illustrated impression, or the back cover when appropriate. All other original copies are filmed beginning on the first page with a printed or illustrated impression, and ending on the last page with a printed or illustrated impression.

The last recorded frame on each microfiche shall contain the symbol → (meaning "CONTINUED"), or the symbol ▼ (meaning "END"), whichever applies.

Maps, plates, charts, etc., may be filmed at different reduction ratios. Those too large to be entirely included in one exposure are filmed beginning in the upper left hand corner, left to right and top to bottom, as many frames as required. The following diagrams illustrate the method:



L'exemplaire filmé fut reproduit grâce à la générosité de:

La bibliothèque des Archives  
publiques du Canada

Les images suivantes ont été reproduites avec le plus grand soin, compte tenu de la condition et de la netteté de l'exemplaire filmé, et en conformité avec les conditions du contrat de filmage.

Les exemplaires originaux dont la couverture en papier est imprimée sont filmés en commençant par le premier plat et en terminant soit par la dernière page qui comporte une empreinte d'impression ou d'illustration, soit par le second plat, selon le cas. Tous les autres exemplaires originaux sont filmés en commençant par la première page qui comporte une empreinte d'impression ou d'illustration et en terminant par la dernière page qui comporte une telle empreinte.

Un des symboles suivants apparaîtra sur la dernière image de chaque microfiche, selon le cas: le symbole → signifie "A SUIVRE", le symbole ▼ signifie "FIN".

Les cartes, planches, tableaux, etc., peuvent être filmés à des taux de réduction différents. Lorsque le document est trop grand pour être reproduit en un seul cliché, il est filmé à partir de l'angle supérieur gauche, de gauche à droite, et de haut en bas, en prenant le nombre d'images nécessaire. Les diagrammes suivants illustrent la méthode.

BR

Hon  
Mr.  
which  
embas  
under  
embas  
the p  
conso  
duty  
Hous  
perfo  
indul  
hear)  
port  
desire  
prop  
anyth  
on th  
this c  
Hous  
ment  
count  
ture.  
I sha  
my p  
possi  
finan  
sure  
my fi  
which  
matic  
necte  
Minis  
might  
vert  
past  
expen  
not n  
long  
I kn  
me in  
matic  
Hous  
be pe  
to th  
and I  
the  
place

# S P E E C H

OF

THE HON. A. T. GALT,

ON

BRINGING DOWN THE FINANCIAL STATEMENT,

May, 10th 1864.

Hon. Mr. GALT rose and said:—

Mr. Speaker, there are circumstances under which every one must feel a certain degree of embarrassment, but there are no circumstances under which I could be expected to feel greater embarrassment than in addressing the House on the present occasion. I have, however, this consolation, that in endeavoring to perform a duty which I owe to the Government and the House in the position I occupy, I am sure in the performance of that duty I shall receive every indulgence at the hands of the House. (Hear, hear.) I am sure I will meet with kind support from the House. (Hear, hear.) I do not desire on this occasion, in fact it would not be proper for me to introduce into my statement anything of the nature of criticism or censure on the conduct of other Governments preceding this one. It shall be my duty to state to the House, as far as in my power, what the Government deem to be the financial position of the country, and how I intend to meet its expenditure. In performing the duty laid before me, I shall endeavor to make it as plain as lies in my power, and shall try to convey as fully as possible the position in which I conceive the financial affairs of the country to stand. I am sure the House will bear with me, if I do not in my first address convey that full information to which, I acknowledge, it is entitled—infor- mation which, in the multiplicity of details, connected with a financial statement, a Finance Minister may sometimes omit to give as fully as might be desired. I shall proceed briefly to advert to the position of the country during the past year. It is not necessary to refer to the expenditure and revenue for the past year; it is not necessary for me, because the accounts have long been in the hands of members, and because I know that the able gentleman who preceded me in office will himself give the fullest information with regard to any point on which the House may desire to make inquiry. Sir, I may be permitted to advert with great satisfaction to the statements brought down in the Trade and Navigation Returns; I think, considering the circumstances under which we are now placed, this ought to be a subject of congratu-

lation, for the prosperity of the country and the advancement of its material interests are not subjects affected by party considerations.— Whatever may be our views as to the proper persons, or the best policy, I think that when we are able to mark an improvement in the industrial pursuits of the Province, we ought all to unite in expressing our satisfaction. (Hear, hear.) And therefore I have great pleasure in referring to the introductory remarks in the Trade and Navigation Returns brought down by my hon. friend the member for Chateauguay. By these returns it would appear that the trade of the country for the past year, notwithstanding the vast war raging on our Southern frontier, is, in a very high degree, satisfactory. I will give, in very few words, a synopsis of those Trade Returns. In 1863, the imports were set down at \$45,964,000. Excluding coin and bullion, I find the imports for 1863 to amount to \$41,313,316. The total amount of Exports is \$41,831,312, and deducting coin and bullion, \$40,146,000, which may be said fairly to balance the imports. If we examine the exports of the country, they will be found to indicate an improvement in the Lumber Trade in a very large degree; and that they are largely in excess of the previous year. The increase has been from \$9,000,000 to 13,000,000. Another most important interest is one which immediately concerns the City of Quebec, more, perhaps, than any other—I mean the ship-building interest, which affords employment to thousands of mechanics for a long season of the year, and certainly is a source of great importance to the Ottawa lumber trade. We find that the increase was from \$988,000, in 1863, to \$2,287,000 in 1863. The increase last year over the previous year was \$1,290,000, or rather more than 131 per cent. This is a subject on which we surely ought to congratulate ourselves. We come to the agricultural interest; and, though looking at the statement of exports, there would appear to be a falling off in that most important interest. Such is not the case. It appears by the return that there is a falling off in the exports of \$1,579,000; yet,

when we take the Imports under the Reciprocity Treaty, the imports from the United States in 1863 were less than in 1862 by \$2,090,000. Thus we export our own agricultural produce to an amount much exceeding the difference. In addressing the House, I may truly congratulate them on the fact that our industry, in its most important branches, agricultural, the lumber trade, and the ship-building interests, has, in every one of them, exhibited a marked improvement. I am glad to be able to make these statements in entering on the discussion of the questions I feel it my duty to lay before the House. I am most certain that no matter who may be Finance Minister, when he finds himself called upon to make provision by increased taxation for the wants of the country, that he will be gratified that those interests on which it is required to impose burthens are in an improved condition to bear them; and consequently the House is better able to entertain measures of this kind when they are brought down, when it is apparent that the general industries of the country are in position to bear the strain. I now proceed to refer more particularly to the estimates. I may observe that according to the provisions of the Audit Bill introduced the other night, they are framed for six months of the present year and twelve months of the succeeding year. In reference to the proposal to change the Financial year, I am happy to state that in that respect my honorable friend the member for Chateauguay proposed to make the same change. I believe he would have done so, had the opportunity presented itself. He did me the honor to consult me in regard to that point, and I am happy to take this opportunity of stating his views and mine were in accordance. The new financial year begins on the 1st July and extends to the 30th June, 1865. That change necessitates in the preparation of the estimates the arrangement of all items that can be required to be inserted in the Public Accounts during the six months ending the 30th June. The effect of the change makes it necessary to bring into the Accounts a variety of items that would otherwise remain to the 31st December. The expenditure must be estimated for the full half year, and I think it is a correct view that the estimates of the expenditure should be framed under the assumption that all that can come in for the half year should be brought down to the 30th June. In comparison with the experience of the previous six months of 1863 with that of 1864, I find practically that many items for payment must be postponed until after the 1st July. In view of bringing before the House fully and fairly a statement of all liabilities that mature within the six months, it is my duty to estimate for all monies as if spent during the six months, so that the sum of \$650,000, last year, though it fell within the expenditure of the year, did not fall within the expenditure for the month of June. I may state that though the estimates are formed on that basis; though instructions are given to all accountants to render accounts up to the 30th June, in point of fact the whole amount of the estimates will not be payable in cash at that day. The principle adopted in framing the estimates, and which the Government have in view in submitting them, is that they are framed necessarily on the ex-

penditure that was going on under the previous Administration. Under the instructions of the honorable member for Chateauguay, certain estimates were in preparation to be brought down to the House; these estimates, I think, had not the advantage of his revision. I much regret not having seen or known what he intended bringing down to the House. I must offer my apologies to the House if I am wanting in conveying to it that knowledge of details that I would with pleasure lay before it, had I been sufficiently long in office to master those manifold details. The principle, as I said before, that the Government have in view in proposing the estimates is to base them on the expenditure going on in the country under the late Government. There is no increase under the various charges of salaries—no increase in the estimates on this account, beyond a mere trifling one in my own department, for extra duties entailed on two gentlemen, to the amount of \$320. The whole of the salaries are based on the pay list of the quarter ending the 31st March. In regard to estimates for works in progress, I may take this opportunity to state that the policy of the Government is not to recommend an increase of liabilities in connection with public works, until the equilibrium between revenue and expenditure is established. (Cheers.) This is the general principle intended to be pursued, namely, that unless where the faith of the country is pledged, and where the reports from the Chief Engineer of the Board of Works are to the effect that certain improvements and repairs are absolutely necessary, the endeavor of the Government will be to exclude from consideration the subject of any new grant. I may advert to the fact that while in preparation of these estimates the Government have been obliged to state full amounts, it is not, by any means, their intention to proceed to the extreme limit. It is the hope of the Government that such retrenchment will be made in the expenditure, and such reduction in the outlay, as will materially affect future results next session. The contemplated removal of the Government to Ottawa affords, in the opinion of the Government, an opportunity for revising, in a large degree, the whole expenses of the civil Administration, including those of the Legislature. (Hear, hear.) It is the intention of the Government to place in the hands of a committee of their own body a complete revision of all departments of the Government, and in connection with the Committee on Contingencies of both branches of the House, to ascertain to what extent a material reduction may be made. (Cheers.) In regard to the estimates for the half-year, I would refer to another point. It will be found that there is nothing devoted to hospitals and charities of a private character. The whole of these payments are made after the 30th day of June; consequently, to include them in these six months, would be to make them a present of a half-yearly allowance. They will receive the same amount, but it will be for 1865, instead of receiving the allowance for 1864. A very important question arises in reference to this point. A consideration of the returns ordered by Parliament to be made by these charities, seems to convey the impression that, in some respects, donations given for benevolent purposes,

B 1382

and intended to supplement private charities, have quite a contrary effect.—That was not the intention of Parliament. However much men might be disposed to aid the indigent, it is a question how far Parliamentary grants should go. In some respects this system may have led to abuses. I do not believe that if Parliament knew this was the case, it would desire to continue the grants. (Cheers.) I take this opportunity of stating, that every one of those establishments requires that an investigation should be held as to its affairs before any future grants be made—and that such enquiry will be instituted. (Hear, hear.) In regard to the details of the estimates, it is not proper for me on this occasion to delay the House by going into every particular detail, as every item will be submitted in a separate resolution; therefore, I may be permitted to draw the attention of the House to one or two points only. With regard to the Militia, the estimated expenditure is \$260,000; the vote required \$112,000. Under the circumstances, which my friends of the late Government could not control, the payment to the Imperial Government provided for in the previous year did not then come on, but did so in the first quarter of this year, and swelled the amount by \$100,000. I now proceed to state the expenditure for the six months, and the income for the corresponding period. To one point, however, I beg to draw the attention of the House—that is, the sinking fund of the Canada Loan. Observe, that within the six months, \$175,000, the item required, is inserted—that is, the sinking fund for the year beginning the first of January, and ending on the 31st of December, 1864. This was properly payable in the early part of the year, and of course it became necessary to put the same amount into the estimates, which end on the 30th of June also, and thus the six months have got to bear the charge of the whole year. I may remark that arrangements have been made for the purchase of the bonds required to represent the sinking fund. The total amount of the expenditure, by the estimates, as brought down, is \$8,019,700, including the redemption of the public debt.—Then there is the sum of \$2,736,000, that being the portion of the Imperial Guaranteed Loan paid, and which was paid under the instructions of the Hon. Mr. Holton; that reduces the estimates to \$5,223,700. I estimate the receipts to be \$7,413,500, or less the India bonds \$4,477,500, leaving to be provided for the sum of \$449,200. It must be satisfactory to the House to learn the basis on which the statement is made. I am happy to inform the House that in consequence of the very marked increase in the trade of the country for the first quarter, the Customs and Excise show an increase of \$590,000. (Cheers.) But this increase is not such as will justify us, as far as relates to the whole year, in anticipating a corresponding increase. For instance, on referring to April, we see a decrease of \$30,000. In preparing the estimates for the remainder of the year, I did not think it prudent to depend on any continued increase. We have the receipts of every item of revenue for four months; therefore we estimate it only for two months. In estimating for the revenue from the Customs and Excise for the remaining two months, it is more prudent to assume as a basis the receipts of last year rather than make vague estimates.

If the importations during the last two months of this half-year should fall short of those for the corresponding months of last year, we have still a good margin to fall back upon, and consequently, my calculations will not be materially affected. I shall now come to another great branch of our revenue—the territorial. This revenue above \$300,000 for the half year, which is \$75,000 more than of the corresponding period of last year. It is proper I should state a few facts with regard to the Ocean Postage; and the conclusions at which the Government have arrived. When the late Postmaster General brought down his Mail Bill, it was stated that a certain amount was due by the American Government and a correspondence was going on with reference to its payment. The American Government claimed it had a right to pay the Government of Canada in the same description of money that it is obliged to receive; and held that Canada ought not to expect to be paid at a different rate from other countries carrying the mails. This Government felt it due to the American Government and the general interest of the country that the question should be settled on these terms. We shall have thus to suffer an annual loss in proportion to the depreciation of their currency. We estimate that the claim realised will afford us \$120,000. With regard to the sinking fund for the Imperial Loan, I may say that the interest on investments, and the premium on discount, are two items necessarily affected by transactions respecting it. As that sinking fund is reduced, the interest on it necessarily diminishes, and the premium and discount depend wholly on the amount realised within any particular period. The amount realised under the instructions of the late Government give us \$115,000 during the current half year. There will be a further sum falling within the year. The amount of the Imperial Loan, not actually redeemed, is only some £340,000, against which we hold India Stock for £358,000. We shall have to provide in the estimates of the expenditure for the half year, for a deficit in the sum of \$449,000. With regard to the provisions for that amount, I do not feel that I shall be called upon to ask the House for any particular authority. I may state that the mode in which I propose to meet this deficit is by the reduction of our cash balances. I may mention that under an arrangement made by Hon. Mr. Holton, a sum of \$119,000 due by the Bank of Upper Canada will be available in the month of June, and the remainder will be taken from the cash balances. With regard to the estimates for the year beginning on the 1st July, I will have to refer again to the Imperial Loan. I which amounted to £1,500,000 stg. Of this amount, there was redeemed, in 1863, £600,000 stg, leaving the sum outstanding £900,000; in 1864, £541,883 was paid. I had better mention that the Finance agents of the Province, with the concurrence of the late Government, thought it advisable, seeing our Indian bonds were at a considerable premium, and, probably, doubting if they could be maintained at that figure in the event of war, to make arrangements for anticipating the payment of a portion of our debt by means of those bonds. Under this arrangement, the sum of £200,000 was anticipated, and paid off within the current six months, and the whole balance now out-



standing was as follows:—Due on the 1st Jan., 1865, £200,000; on 1st Jan., 1869, the final balance of £140,000; against which we hold, of five per cent. securities, £358,611. Let us sum up the result: We have sold bonds to the amount of £1,141,888, for which we had received a profit, in 1863, of £30,162, and in 1861, of £19,958, or an aggregate of £50,000 stg., in round numbers. (Cheers.) We must consider the premium we pay for those securities. We bought, of four per cent. Indian bonds, £174,500 at 94, and the balance at 2½ prem. The amount received for the sale of those stocks has been £50,120. We have to put against this payments we have made to the extent of £21,584, the result being that we have made a profit of \$168,000, and we hold £18,611 of 5 per cent. Indian bonds beyond the amount of the Imperial loan for which we are liable. I will state that we disposed of the 5 per cent. Canada bonds at 97½ for the purchase of the India bonds; and, had we now been obliged to meet our engagements, it would, manifestly, have entailed serious loss to us—a loss far beyond the amount which I was then charged with having unwisely incurred. (Hear, hear.) When the Imperial loan is paid, there will be a reduction of our liabilities in two ways—both as regards the principal of the debt, and the interest upon it. Under the arrangements effected by me at that time, and subsequently, as the public accounts show, £31,500,000 of the public debt was consolidated; and the sinking fund in the estimates now brought down would amount to \$175,000 for the six months, and \$180,000 for the succeeding twelve. I shall now call attention to the estimates of expenditure for the year ending 30th June, 1865, which reach the sum of \$11,686,800. In reference to the details, I do not desire to trouble the House, the principle on which they are made being the same as that of the estimates for the half year. The first figure to which I would draw attention is the reduction which has taken place in the charge for the Ocean Mail Service, and which amounts to \$208,000; and also to a reduction of about \$111,000 in the item for the Public debt. With regard to the redemption of the Lake St. Peter debentures, it is the intention of the Government to bring down a bill to transfer the works for which we have been paying for the last three years, once more to the control of the Board of Works. I may mention that under the late Government the Provincial steamers were offered for sale, tenders were received, and one was accepted. I regret to say that up to this period the person whose tender was accepted has not made his appearance. The Government has to consider what would be the result of the steamers continuing on its hands. In the preparation of the estimates for the year I deviated from the plan of the late Finance Minister. After a consultation with the Auditor, I came to the conclusion that it would be the better for us to estimate for the whole expenditure, and to estimate for the whole receipts on the other side. (Hear, hear.) Another point of great interest I would like to lay before the House Gentlemen will find an item to continue the survey of the Intercolonial Railway, by Mr. Fleming, the very able engineer prosecuting the work. He had stated to the Government

as his opinion that the sum of \$30,000 would be required; and although \$10,000 were voted last year, the survey cannot necessarily be completed for a less sum than \$20,000. Another item which will certainly be very interesting to the House, is the removal to Ottawa. That removal must take place within the actual year, and within the financial year of 1864-65. The estimate is framed to a certain extent—necessarily to a great extent—on the expenses of the removal from Toronto to Quebec; and since that time, like many other families, we have gathered a good deal of additional material, which will cost more in removal than was incurred from the last seat of Government to this city. We think it better to make the estimate for the removal a little beyond the sum it will probably cost, and put it down at \$150,000. We find, on reference to the transactions of last year, that the deficiency, including all items except redemption of debt, was \$982,000. Before going into details of the estimate of receipts, I consider the duty of the Government is to state the measures they intend to bring down to make provision for deficiencies; and I think it much more desirable that if we err at all, it is better to do so in favor of having too much rather than too little. Instead of meeting here session after session to make up deficiencies, I think it very much better to take such steps as will place the finances in proper condition. I think a Finance Minister should not be actuated so much by considerations of what might be pleasing in regard to the matter of taxation, as by the conviction of the necessity of doing his best to provide sufficiently for all financial requirements. (Cheers.) It is perfectly clear that our credit must seriously suffer if we do not adopt steps of this nature. Our credit has already suffered very materially, and this state of things may certainly be attributed to the insufficient provision made by the Legislature for the financial wants of the country. It may be from other causes also; but it is not necessary for me to mention them, nor do I desire to do so in this discussion. It is quite plain, however, that the circumstance of having an insufficient revenue must ultimately injure the credit and independence of the country. (Hear, hear.) It is high time the people of Canada should meet the deficiency in the revenue and put an end to it. If the House will put an end to these deficiencies we may reasonably hope that in future years it will have to deal with a much more agreeable subject, viz: that of dispensing with surplus revenue, and reducing taxation rather than, session after session, having the disagreeable duty of going before our constituents and telling them that we are compelled to impose additional taxation. (Hear, hear.) There is another subject to which I direct the attention of the House. I refer to the development of the North-West, and the importance of extending our communications by rail with the Lower Provinces. We may be unable to-day to bring down to the House any recommendation for a large appropriation for these objects, but there is an appropriation for the North-West Territory which I presume would have been brought down by the gentlemen opposite had they been in office still. It is now my duty to state the measures the Government intend to submit for the consideration of the House—measures they have in view to restore an equilibrium between

the expenditure and the revenue. Entering upon this subject, I am aware the House will acknowledge that it is one surrounded with a great many difficulties. The Government will try to achieve this object with all the energy which they possess. We have endeavored to establish this equilibrium in such a way as that the increased taxation may fall in the lightest possible manner on the industry of the country. The mode we intend to pursue will press very lightly. At present there is a subject which has long engrossed the attention of political economists in England and the United States, that is, the raising of revenue by a stamp duty. This is a duty collected with the smallest possible expense; it is one which is readily paid, and the sum is so small that nobody will feel it. A tax on stamps does not press seriously on any branch of industry. These duties have for a long time existed in England, and have lately been imposed in the United States. I have not heard a single murmur against them; for that reason we may fairly consider that the introduction of a stamp tax into this country will be immediately advantageous. The introduction of that system will enable us hereafter, if circumstances should unfortunately require it, to increase taxation to secure a larger amount of revenue. I have the advantage of possessing the information collected by the Hon. Mr. Holt on this important subject. I have given my best attention to the statistical results; and also to the reports submitted by Mr. Langton. There appeared to me one of two courses to take: either stamps must be attached to every document in the country, or we must limit them to commercial documents. I did not see my way otherwise than to draw a line between commercial transactions and the general system of stamps. Looking into the whole question, I came to the conclusion I will forthwith have the honor to submit. All commercial transactions in England and the United States are now subjected to taxes. I propose to submit a law to bear less heavily than in England or the United States.

Hon. Mr. HOLTON—Do you confine your system to commercial transactions?

Hon. Mr. GALT—Yes. The American Congress imposes this tax of stamps on every draft or order not exceeding \$100. The stamp duty is five cents on each draft; for every \$100, or a fraction beyond that, five cents additional are imposed; in the case of bills when drawn in sets of three, two cents each are imposed; for every additional \$100 two cents additional are imposed. My scheme imposes only three cents for every \$100, instead of five cents, as by the American system. [Hear, hear.] It is to be remarked that it is not intended that stamps should be required for any promissory note under \$20. Upon every promissory note not exceeding the sum of \$100 there shall be imposed a stamp duty of three cents, and for triplicates of bills of exchange, one cent on each. I estimate, from the returns of the banks, that the sum of \$91,179 will accrue to the revenue from the imposition of these stamps. No doubt a certain amount of revenue, though not a large amount, will arise from notes not negotiated through the banks. The amount will not bear any proportion to that accruing from stamps on

bank documents. I estimate the sum in the latter case at no more than \$10,000, bringing altogether to the revenue from this source the sum of \$100,000. If we had included all the mortgage deeds and the various transactions by powers of attorney, the amount of revenue from stamps would be very much greater. I think the probability is that from no other source the raising of revenue would be more acceptable to the public than from the one I propose.

Hon. Mr. McDOUGALL—What portion of the public?

Hon. Mr. GALT—The public in general: We cannot affect to make our Legislation only for a particular class. No stamps will be imposed on checks on banks, bank notes, municipal debentures, Receiver General's orders, money orders, and Commissariat Bills.

Hon. Mr. ROSE—Do you propose to have no stamps on cheques?

Hon. Mr. GALT—None whatever. There is a much more important subject now to engage the attention of the House—that of the excise—the duties on spirits, malt liquors and tobacco. I think that the feeling of the country will be in favor of imposing increased burthens on these articles. I believe the Government, in asking for increased duties, by taxes on spirits and tobaccos, will be in accordance with the moral sense of the country. Circumstances, before the breaking out of the American war, rendered it impossible for any Government to impose an excise duty of any large amount on these articles. Under a duty of 6 cents per gallon on spirits, a considerable amount of smuggling was carried on. In one respect, increased taxation in America enables us to avail ourselves of the powers we possess for the purposes of increased taxation. I do not pretend to say that the fact of increased taxation on spirits will much reduce consumption; but I shall regard a diminished consumption with very great satisfaction, even if the revenue suffer by it. (Hear, hear.) It may be interesting to the House to have laid before them an idea of the production and consumption of liquor in Canada. Taking the population at two millions and a-half, the consumption of spirituous liquors is between a gallon and three-quarters to two gallons per individual.

Hon. Mr. CAUCHON—That is not much.

Hon. Mr. GALT—It is a very considerable quantity.

Mr. DUNKIN—Including women and children.

Hon. Mr. GALT—The consumption of spirituous liquors in Canada in 1863, was 3,661,000 gallons. That spirit is subject now to a tax of 15 cents per gallon. I have received from Washington the rates imposed by Congress on spirits. Now, the duty is 60 cents per gallon in the United States; but from the 1st July next to the 1st January 1865, it is to be \$1 per gallon; after January 1865, it is to be \$1.25 a gallon. In considering this duty, we must have regard to the depreciation of the currency. In that view the present duty of 60 cents per gallon will be seen to be somewhere under 40 cents per gallon in proportion. The Government, of which I am a member, consider it their duty to levy to as high a rate as it is possible on spirits before they approach any other subject of taxation. We think therefore that an additional duty of

15 cents per gallon, that is to say, a duty of 30 cents per gallon in all, should be imposed. I estimate that the consumption will be reduced from 3,600,000 to 3,200,000 gallons, and I base my estimate for revenue on the last figures. I hope that the consumption will be reduced to the figure that I have just mentioned.

Mr. MACKENZIE—What about the stocks in hand?

Hon. Mr. GALT—The law cannot affect the stocks in private hands. There is no bonding law that will apply.

A MEMBER—Suppose the stock is taken out of bond.

Hon. Mr. GALT—We are obliged to announce the rates of duty in advance of putting them in force. In England the practice is much better; it is to put the duty in force at once, and the House of Commons passing a *pro forma* resolution to sanction this. Then, if in course of debate, the item imposing the duty is rejected, the money is refunded. It would be very desirable to imitate that practice. [Hear, hear.] In the present case, I consulted with the hon. member for Chateauguay on the subject, and we both agreed it should be introduced. In the present case, I believe that making the financial statement in advance of the Ways and Means, unless the Government received the immediate concurrence of the House, the English practice could not be put in force. I am, therefore, obliged, in conformity with the usual practice of this House, to make the statement, before it is in my power to give effect to the tax.

Hon. Mr. HOLTON said the practice of the English House of Commons could be adopted at once.

Hon. Mr. GALT—If the House will allow me to do so I shall only be too happy. [Hear, hear.] The hon. member for Chateauguay is aware I cannot do it myself. It appears to me, however, to be the general wish of this House that this course should be adopted, and I hope the House will consider the matter before the debate closes. But I do not like to spring a mine on the House. I hope, however, they will consider how it is possible to bring the English practice into effect.

Hon. Mr. HOLTON—The House of Commons practice might be introduced to-night.

Hon. Mr. GALT—If the House should wish to adopt the English practice the duty could be imposed by telegraph to-night. If the tax should not be sanctioned when the estimates come up for discussion, Parliament could refund the money, and give the Government an act of indemnity. With respect to beer, I do not view it in the same light as spirits. I think it to a very great extent harmless. With respect to lager beer I think the lines may be strictly drawn between beer perfectly innocuous and strong beer. I do not feel able at this moment, in the new excise bill, to change the whole system of collecting duty on beer. The existing duty on beer is three cents per gallon. In the United States the duty on beer is at this moment \$1 per barrel, which is nearly the same. If we take into account the depreciation in the currency the amount charged is really less than to our consumer. The Government does not desire to ask the House to put any additional excise on beer. We propose to leave it at the same rate as for some time past.

If the House should place in the hands of the Government the power to put an increased excise on spirits immediately, of course the amount I estimate for the period ending the 30th June will be considerably augmented, but will not affect the question of revenue for the whole succeeding year. Every gallon of spirits will be taken out of bond a very short time after the announcement of the doubling of excise, and therefore I cannot venture to estimate the receipts at any very great sum.

Hon. Mr. HOLTON—The House can assist you in putting on the duty on spirits instantly. [Hear, hear.]

Hon. Mr. GALT—I am very happy to hear that. I certainly shall be delighted to be permitted by the patriotic conduct of the gentlemen opposite to impose the duties at once. [Hear, hear.] There will be in this case a very considerable augmentation of revenue satisfactory to all. [Applause.] I estimate that the revenue to be produced from the imposition of 15 cents per gal. extra on 3,200,000, will bring in a revenue of \$960,000. Beer will give us \$180,000, and Tavern and Shop licences will give us \$120,000.

Mr. DUNKIN—Could you not devise some substitute for shop licences?

Hon. Mr. GALT—They only yield \$12,000 or \$15,000 a year.

Mr. DUNKIN—You might the more easily put an end to them.

Hon. Mr. GALT—As the hon. gentleman has been kind enough to give assent to the immediate imposition of the spirits' duties, I will consult with the other members of the Government on the subject.

Mr. DUNKIN—It would a great boon to the Temperance Society, and the community.

Hon. Mr. GALT—The total estimated revenue from spirits, beer and licenses for the year ending 30th June, 1865, under the proposed increase in the law, will be \$1,260,000. The increase estimated for the half year is \$53,000.—I now come to another subject, which I look upon—and it will approve itself to the public—as a fit subject for taxation. It is necessary to draw the attention of the House to the falling off that has taken place in the importation and manufacture of tobacco. The House is aware that under the Reciprocity Treaty, unmanufactured tobacco is one of the articles admitted free. We cannot approach that by way of Customs duties. Let us take an example in the falling off of the importation of manufactured tobacco. In 1859, it was 3,493,463 lbs., valued at \$574,943, and paying a duty of \$171,090. In 1860, there were 3,703,677 lbs., valued at \$466,566, and paying a duty of \$139,968. In 1861, there were 2,544,800 lbs., valued at \$315,620, and paying a duty of \$90,975. In 1862, there were 1,121,907 lbs., valued at \$202,664, and paying a duty of \$55,473. In 1863, there were 280,258 lbs., valued at \$64,926, and paying a duty of \$13,834. So here was a falling off from \$171,090 duty paid in 1859, to \$13,864 duty paid in 1863. Of unmanufactured tobacco, there were imported in 1860, 1,987,433 lbs.; in 1861, 1,901,045 lbs.; in 1862, 6,372,441 lbs.; in 1863, there were 8,801,900 lbs. Here the House can see that the imports of unmanufactured tobacco, paying no duty, has increased from 2,000,000 lbs. to 9,000,000 lbs. The to-

bacco imported from the United States has given rise to a new branch of business, which, I believe, is profitable. I would not desire to propose any measure that would be prejudicial to the business; more especially when we find, that instead of Canada being a continual importer of manufactured tobacco, she is now a large exporter. It is not desirable to interfere to stop this export trade. Therefore, the manufacturer of exported tobacco will be allowed a drawback. The export trade in this article, up to 1863, was nil.—In this year it amounted to 1,177,000 lbs., valued at \$348,000. Considering this question, as it relates to the export trade, it is important to know where the tobacco is sent to. An examination of the Trade and Navigation Returns shows us that 6-16ths only go to Great Britain, 9 6-16ths to the United States, and the remaining 1-16ths to the Lower Provinces. Considering the quantity of tobacco grown in Canada, I am sorry to be obliged to inform the House that, though I have made enquiries in the census office, I could find no column for it. However, in 1851, the quantity grown in Upper Canada was 777,000 lbs, and in Lower Canada, 443,000 lbs, amounting, altogether, to about 1,200,000 lbs. My own belief is, that there has not since been much increase on this figure. I prefer treating the product of Canada as an unknown quantity, in order to leave a margin against any over-estimate of the amount which is now in the country, and on which we propose to levy taxes. If we impose excise duties on tobacco, we must make allowance for falling off in the consumption of tobacco, and allow for frauds. We have in preparation a bill to prevent those frauds. The law will provide for what is manufactured tobacco, and what is not. Tobacco grown on a man's farm, for his own use, will not be considered as manufactured tobacco. In framing the excise on tobacco, we consulted the American law, and think it desirable to adopt the same classification. I will remark, in the first place, that manufacturers of tobacco will have to pay a license of \$25.

Hon. Mr. HOLTON—Will that be uniform?

Hon. Mr. GALT—Yes; there are very few manufacturers—not many on a large scale. I would desire to collect the duty on tobacco tomorrow, if possible; but we don't possess the machinery. I propose to divide tobacco into four classes. The first class, which comprises four-fifths of that consumed in the country, will be taxed 10 cents per pound. The second class, which is the inferior kind, 4 cents; snuff, 15 cents; and tobacco, fine-cut, such as is used for chewing, 15 cents. As regards cigars, I will propose a tax, per thousand, as follows: Over \$10, and under \$20, \$2 per thousand; over \$20, and under \$30, \$3 per thousand; over \$30, and under \$40, \$4; and at \$40 per thousand, \$5. I estimate, from all those sources of revenue, that I shall get \$629,000. The changes in the resolutions on the subject of excise on spirits and tobacco, require that corresponding articles in the tariff of customs shall be dealt with in the way of increase. But looking at the matter with the fullest consideration, I am of the impression that it is better to impose specific duties on the various articles affected by the increase of excise than deal with them in any other way. (Hear, hear.) In addition to the

*ad valorem* duty on rum, cordial, spirits of wine and alcohol, not whisky or brandy, I impose a duty of 15 cents per gallon—I except ginger wine, which will pay 20 per cent. *ad valorem*. (Ginger wine is always used as a cordial, and is not to be considered as a spirit, there being very little alcohol in it. Constant complaints were made on the subject of there being 100 per cent. *ad valorem* duty on ginger wine. I will do this liquor justice, and will tax it no higher than sherry. (Applause and laughter.) In addition to the present duty upon brandy of 30 per cent. *ad valorem*, and on whisky a further specific duty of 15 cents per gallon, of the strength of proof.

Hon. Mr. HOWLAND—Do you propose an additional duty on wine?

Hon. Mr. GALT—No. I estimate the increase from whisky will be \$4,500; gin, \$25,500; rum, \$4,500; brandy, \$12,750, making a total of \$47,250. On cigars the additional duty will give an increase of revenue of \$20,000, making altogether about \$67,250, assuming the present consumption not to be materially disturbed. In regard to the drawback on ships, a very large amount of material passes through the Custom House yearly, and upon this material a very large sum in the amount of duty is refunded every year. I believe the subject engaged the attention of Hon. Mr. Holton, though I am not aware of the conclusions at which he arrived. In some cases fraudulent demands have been made on the Exchequer for drawbacks. The amount of drawbacks on vessels built in some parts of the Province is 74 cents per ton, while in Quebec it is 83 cents. I will now impose a payment of 80 cents for all parts of the Province in lieu of all drawbacks. With regard to the greater question of the change in the tariff of customs, I remain precisely of the same opinion I was in 1862, and I believe, moreover, and I am quite sure other gentlemen believe, that the changes which have taken place in the United States, and the great duties now imposed on the industry of their people have rendered it unnecessary to maintain as high rates of duty as regards competition with them. While I believe that a change in the way of reduction on certain articles is desirable, there are considerations which may be held to outweigh the immediate importance of dealing with these subjects this session. I must confess, when I view the way in which our credit has been shaken by the continuance of a deficiency every year, that it would not be wise in me to try any experiment in the adjustment of the revenue and the expenditure; the more especially as many months will not elapse before the experience of the country will be brought to bear on our proposed commercial measures. There is another question beyond that of the maintenance of our credit—I refer to the Reciprocity Treaty. I say, sir, when we look at the views of the people of the United States in reference to this Treaty, we find that the objections generally raised appear to be in consequence of alleged rise in the Canadian Customs' dues. This I know to be an erroneous view of the matter. The assertion that there was an understanding, tacit, not expressed, that American manufacturers should be allowed to import into Canada at comparatively low rates, cannot be admitted. The treaty is approaching that period when either party has a right to abrogate it. Congress has seriously

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 the 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

under their value. I do not think, looking at the state of the bank returns and the state of our trade, that it would be desirable, if possible, to borrow any sum more than was obtained from the Bank of Montreal. I do not see that we could obtain three and a half millions on reasonable terms in this country. We must go for it to the great money markets of the world; and, our securities being depressed, I think it more desirable, if necessary, to pay a higher rate of interest, and make the loan for a much shorter term. No authority is necessary from the House to make provision for this sum, for the bonds in the hands of our agents were issued under the authority of Parliament. I think it may be necessary to ask the House, by resolution, to give power for substituting for bonds already issued and not sold, bonds bearing a different rate of interest for a period not exceeding three years. It would be much more advantageous to pay six per cent. for two or three years than to attempt to sell our present bonds at a discount of 10 per cent. for a long period. (Applause.) I must now con-

gratulate the House on the state of our trade as shown by the returns of last year. I hope that with the blessing of a good harvest, we shall be able next year to congratulate ourselves on being in a still better position. I trust measures will be passed to augment the revenue and restore our credit to its proper position. I think, sir, this House will be satisfied of its ability to meet the financial wants of the country by imposing a tax on objects, all of which are those that the moral sense of the country will support the Legislature in taxing. The duty of the Government will be to observe the strictest economy; and I hope that before another year shall pass, the House will be in a position to deal in a different mode with the question of taxation from that followed to-night; that is to say, that it will be able to approach taxation with a view to its reduction. Sir, I apologize to the House for having occupied it so long, and for having omitted many matters in the statement I have laid before it. [The hon. gentleman resumed his seat amid loud and continued cheering.]

