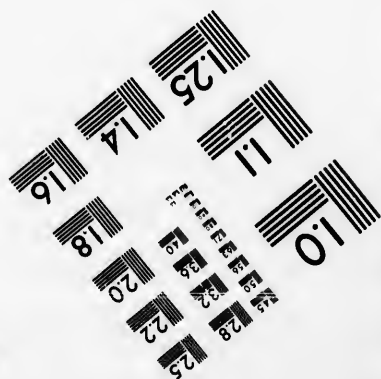
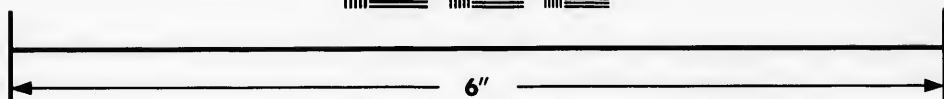
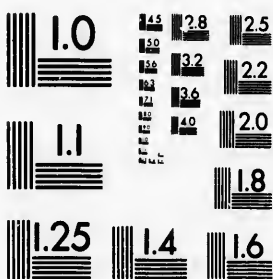


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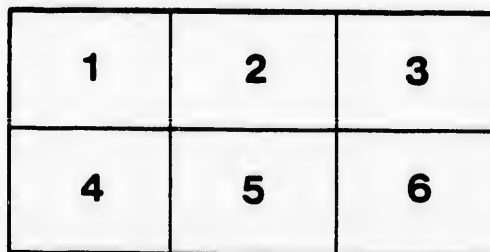
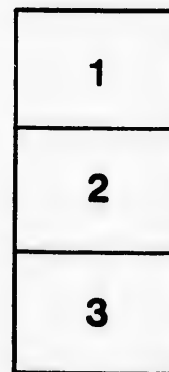
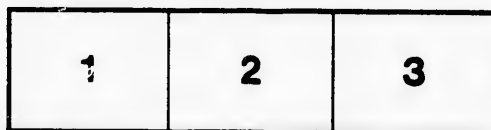
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SPEECH
OF THE
HONORABLE FRANCIS HINCKS,
INSPECTOR GENERAL,
ON
THE FINANCIAL CONDITION OF
THE PROVINCE.

*Delivered before the Legislative Assembly of Canada, in
Committee of Supply, 16th July, 1851.*

TORONTO:
PRINTED AT THE CANADA GAZETTE OFFICE.
1851.

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*The House having resolved itself into a Committee
of Supply,*

Mr. DICKSON in the Chair,

The INSPECTOR GENERAL rose, and spoke as follows :

Mr. Chairman, I have the satisfaction of being able to congratulate the Committee on the great prosperity which prevails throughout the Country. In all the leading articles of imports it will be found that a considerable increase has taken place since 1848, which affords abundant proof that the labour of the Country has been profitably employed. I will refer as briefly as possible to a few of the leading articles of consumption. The import of Sugar in 1848 was 10,192,000 lbs.,—in 1849, 11,536,000 lbs.,—in 1850, 15,680,000. Of Molasses in 1848, the import was 36,602 Cwt.,—in 1849, 55,712 Cwt.,—in 1850, 61,099 Cwt. Of Tea, in 1848, the importation amounted to 2,259,294 lbs.—in 1849, 3,076,528,—in 1850, 3,517,166 lbs. Of Coffee, in 1848, the amount imported was 8,900 Cwt.,—in 1849, 9,232 Cwt.,—in 1850, 10,186 Cwt. Manufactured Tobacco in 1848 was imported to the extent of 1,704,795 lbs.,—in 1849, 2,463,053 lbs.,—in 1850, 2,547,162 lbs. In unmanufactured tobacco a still greater proportionate increase will be found, arising no doubt from the prosperity of the Manufacturers of that article. The import in 1848 was 102,205 lbs., in 1849, 394,228, in 1850, 636,500 lbs. I cannot make comparisons so correctly with respect to the importation of various manufactured articles, because until the last year the classification was not sufficiently attended to, particularly at Quebec and Montreal. A large increase however must have taken place in all the leading articles of Manufactures, as the aggre-

gate imports in 1850 show an immense increase over those of 1849. The value of the total imports of 1849 was £3,002,599, while that of 1850 was £4,245,517. I have further, Mr. Chairman, great satisfaction in being able to state—notwithstanding the assertions frequently made both in this House and out of it that the trade with Great Britain is steadily decreasing—that it will be found that while the imports from the United Kingdom have increased last year in a ratio of 44 per cent, those from the United States have only increased $32\frac{1}{2}$ per cent, while from the Sister Provinces of British North America, under the operation of reciprocal free trade, the imports have increased about 100 per cent. From foreign Countries, the imports, though as yet unimportant, have increased 120 per cent, and there is little doubt that the effect of the repeal of the British Navigation Laws will be a rapid increase in our foreign Commerce.

I deem this a fitting opportunity, Mr. Chairman, to recal the attention of the Committee to a subject into which I entered at some length on a former occasion, during the present session. In consequence of the repeated assertions of the Hon. Member for Lincoln, (Mr. Merritt), that the taxation of this Country had been enormously increased, that duties had been raised first from 5 per cent to $7\frac{1}{2}$ per cent, and then to $12\frac{1}{2}$ per cent, I deemed it proper to make a comparison between the tariffs of 1841, 1847 and 1849. Since that discussion the Hon. Member for Lincoln has more than once repeated his assertion; but, Mr. Chairman, I feel assured that if any candid inquirer will examine those different tariffs, and their effect upon the Commerce of the Country, his conclusions must be widely different from those of that Hon.

Member. I assert, Sir, in the first place, and I shall be borne out by the testimony of the Hon. Member for Huron, (Mr. Cayley), that the tariff of 1847 introduced by that Hon. Member was a reduction, and not an increase on the tariff of 1841. The duties on certain Manufactured articles were raised from 5 to $7\frac{1}{2}$ per cent, but other duties were reduced from 15 and 20 per cent to $7\frac{1}{2}$, and on several leading articles subject to specific duties, reductions were made. My tariff is, I admit, an increase on that of 1847, which did not yield sufficient revenue for the exigencies of the Country, but the increase on the tariff of 1841 is very slight indeed. It is of course extremely difficult to institute a comparison where such extensive changes were made, but I may refer to a number of leading articles, on which reductions were made, and point to the effect of those reductions. Taking the quantities imported last year, it will be found that Coffee would have paid about £9,000 more under the tariff of 1841,—Sugar about £40,000 more,—Molasses, £5,000,—Tea, about £30,000,—Tobacco, £10,000. These reductions never enter into the consideration of the Hon. Member for Lincoln, who on all occasions refers to the increase of 5 per cent on unenumerated articles. Now, even with regard to this increase, there is a prevailing error; for as 10 per cent, was formerly added to the invoice to cover charges, while no such addition is now made, the actual increase is only $4\frac{1}{4}$ per cent. Perhaps however the best mode of testing the correctness of the assertions made regarding the increase of taxation would be by taking the total value of imports, and the total revenue raised. The value of imports last year was £4,245,517, and the gross revenue £615,645 14s. 8d., or about $14\frac{1}{2}$ on an average. Now, Mr. Chairman, I will not go so

far as to assert that the average duty may not, under the tariff of 1841, have been rather less; but I can with confidence challenge the Hon. Member for Lincoln, to point out any single year since the union, when the duties collected were $1\frac{1}{2}$ per cent. less on the value of imports than they were during last year. I must not fail to remind the committee, while on this subject, that many important articles used in our infant manufactures have been admitted under the tariff of 1849 at lower duties than under that of 1841, and that under an Act of last Session the Governor in Council has authority, by proclamation, to place any unenumerated articles on the $2\frac{1}{2}$ per cent. list, a power which has been exercised on some occasions and which can be most beneficially extended, from time to time, to such raw materials as may be required by our manufacturers.

I come now, Mr. Chairman, to the consideration of another complaint which is one of the standing grievances of the Honorable Member for Lincoln. The Hon. gentleman is fond of contrasting our condition with that of the adjoining republic, and he on all occasions represents us as paying much higher duties than our neighbours. The Honorable Member for Lincoln is fond of statistics, but unfortunately he examines them not with a view of ascertaining the precise truth, but of making use of them in support of some view to which he has already committed himself. Now, Mr. Chairman, I have taken some pains to trace the effect of the American tariff on the interests of the people of the United States, and I shall occupy the attention of the Committee for a few moments, in stating the result of my inquiries. It is true that several leading articles of consumption are charged with higher duties in

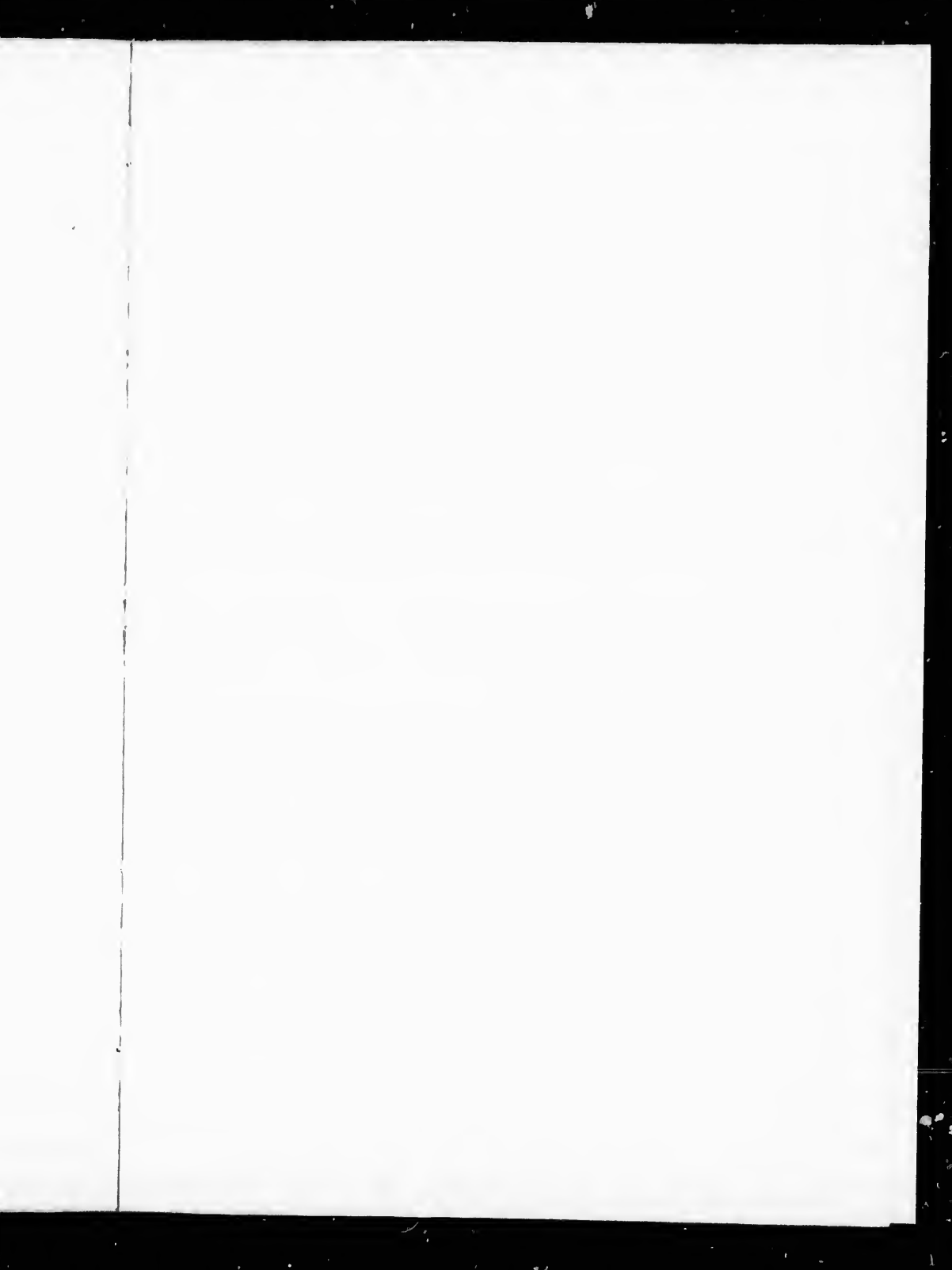
Canada, than in the United States. Tea may be taken as an example, it being entirely free from duty there, while with us a revenue of £44,000 was obtained from it last year. The policy of the United States is protective, and they accordingly exempt from duty, an article towards which all consumers would pay equally, and levy their duties on Manufactures, by which the Agricultural population is compelled to pay a heavy indirect tax, in addition to a direct one, for the benefit of a small class of Manufacturers.

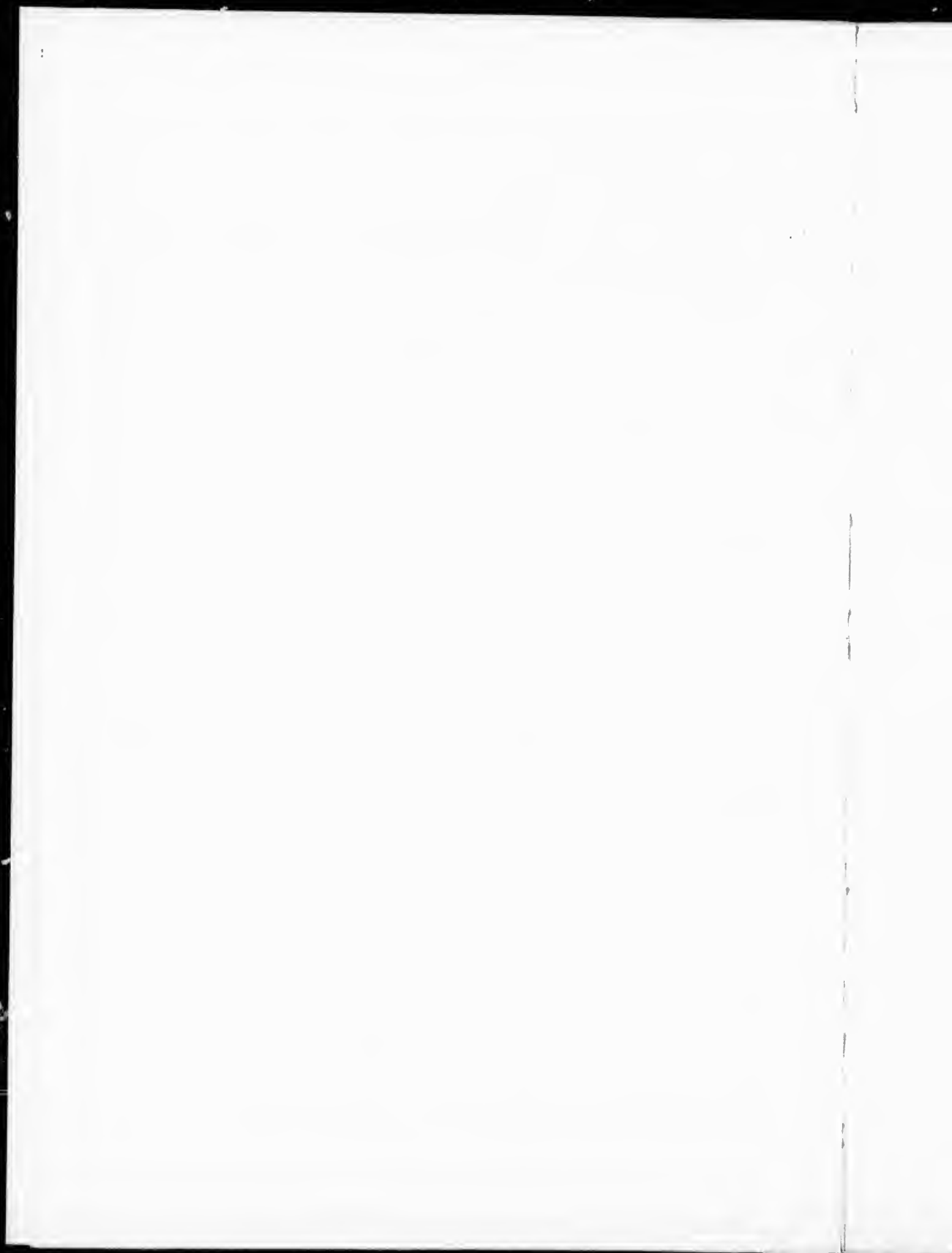
In order to show the effect of this policy, I shall refer to some of the leading articles of manufactures imported into the United States and Canada. The most important of these are Cottons, Woollens, Iron and Hardware, Silk and Linen. With regard to Silks and Linens, the protective duties may be considered as inoperative, there being no extensive manufactures in either Country. Of these articles the importation into the United States is from 40 to 60 per cent greater, having reference to population, than into Canada, which is not surprising, considering the greater wealth of the inhabitants, and the fact that these articles are consumed by the higher classes. Perhaps the proportionate increase ought not to be so great on Cottons, Woollens, Iron and Hardware. Still we may fairly assume that the consumption of these articles would be greater than in Canada, and that under a similar tariff the imports would be 10 to 20 per cent higher. But, Sir, what is the fact? The imports of Cotton Goods are, in proportion to population, nearly four times as great as into the United States, Woollens nearly three times as great, and Iron and Hardware, nearly double. These, Mr. Chairman, are instructive facts, instructive as proving to the Mother Country

the value of the Colonies as a Market for British Manufactures, and instructive to ourselves as shewing the cost to the consumers of a protective tariff.

I find that taking the articles imported into Canada, not comprised under the heads Tea, Coffee, Sugar, Wines, Spirits, Molasses, Tobacco, Salt, Fruits and Spices, the average duties are about $10\frac{3}{4}$ per cent, or 10 per cent less than in the United States, and if these articles were subject to American rates of duty, the Canadian Consumers would pay an additional tax of about £350,000. On the other hand, the duties in Canada, on the articles which I have just named, average $35\frac{1}{4}$ per cent on the value, while in the United States the duties on the same articles average only $22\frac{3}{4}$ per cent, some of them being entirely free—Canada, on these articles, pays about £87,000 more than the United States. If this sum be deducted from £350,000 it will leave £263,000 as the amount which is saved to the Canadian Consumers, by the adoption of our tariff, instead of that of the United States. If I were to add the indirect tax paid by the American consumer in the shape of an increased price for the great staples of Cotton, Woollen and Iron, the gain to the Canadian consumer would be much greater. I trust, Mr. Chairman, that I have been able to satisfy the Committee that the assertion that the people of the United States, are less heavily taxed than the Canadians, is without any foundation in truth.

I have now, sir, to beg the attention of the Committee to the estimates of the present year. In the debate a few evenings ago, on the motion of the Hon. Member for Huron, to go into Committee to consider the expediency of reducing the Import duties, I referred at some length to the charges made by the Hon. Member against the present Administration, of having increased the public expenditure. I shall





briefly refer to what I then stated. The increase was stated to have taken place, first, in the charge for interest on the Debt; secondly, increase in the charge for administration of Justice; thirdly, in the Miscellaneous Estimates. The first item of charge is consequent on the negotiation of the loans required to complete the great Public Works. The votes for those Works were principally carried by Hon. Gentlemen opposite, and the contracts were entered into by them. With the exception of the appropriations necessary to complete those great works, the present Government has been most careful not to increase the public liabilities. With regard to the increase under the head Administration of Justice, it has arisen from three causes. First, the increase of population and the consequent increase in the contingent expenses for maintenance of Gaols, &c.; secondly, from the measure adopted by the late Administration of removing the charge in Upper Canada for contingent expenses from the local funds to the Consolidated Revenue. I deem it unnecessary to say one word on this subject beyond stating the fact, that the measure was one carried by Hon. Gentlemen opposite, who impute to us having extravagantly increased the expenditure without stating this as one of the causes; thirdly, the increased number of Judges, consequent on the establishment of efficient Courts of Appeal in Lower and Upper Canada, and the alterations in the Court of Chancery. I shall not here enter into this question further than to say that if the measures then adopted were calculated to secure a more efficient and a purer system of administering justice, the paltry increase in the charge ought not to be allowed to enter into consideration for a single moment. The measures must be tested on their own merits, and not on the question of expense.

Two additional Chancery Judges in Upper Canada have no doubt increased this head of expense; but they were deemed essential to the efficiency of the system by persons competent to advise in such matters—and I must say, that it strikes me as very little consistent with professions of conservatism, to see Honorable Members opposite striving by all the means in their power to create discontent in the minds of the people on such subjects. It was with astonishment that I heard Gentlemen opposite, the other night acknowledge that they were influenced in voting for the retention of the Court of Chancery, which they regarded as a nuisance, by the consideration that a change would involve the necessity of pensioning another Judge. Such a doctrine belongs to no sound political theory or system, and they who really consider that an amendment greatly beneficial to the Country is to be obtained by a particular change, ought not to allow such an expence to weigh against its accomplishment. The estimate this year, for the Penitentiary, will be less, I am happy to say, than for many preceding years, as was the case with the estimate for the last year, which was less than its precursors. It will be perceived, Sir, that neither the item for education, for hospitals, or for charities has been materially increased.

With regard to the third charge, the increased expense has arisen from various causes. The cost of the Mounted Police rendered necessary by the disturbances, first in Montreal, then in the District of Three Rivers, is a heavy item. That consequent on the removal of the Seat of Government has been much exaggerated, and I feel it necessary to ask attention to the subject for a few moments. I was not one of those favorable to the system of alternate Parliaments, and had I been in the Country should

have recorded my vote against it. While saying this, however, I am not insensible to the advantage to be derived from the system—against which is to be set the inconvenience and expense which it entails. These must not be exaggerated, though they are fair subjects of consideration. The expense which has been so much talked of in this House, as well as in the public journals, may be divided into three classes; first, the cost of furniture; secondly, of new buildings; thirdly, actual cost of removal. The first item would, under any circumstances, have been rendered necessary in consequence of the fire in Montreal. It was not in consequence of removal. The cost of buildings must have been incurred, had the Government remained in Montreal; and I feel assured that the erection of a new Parliament House would have cost much more than the amount expended in buildings at Quebec and Toronto. We paid a rent in Montreal of £1,500 per annum, being interest on a capital of £25,000, which is now saved, and the expenditure for buildings will not much exceed that amount. The cost of removal, when spread over a period of four years, will be a paltry item not worth consideration, if the system of alternate Parliaments be deemed advantageous.

The miscellaneous items will be increased by the cost of providing suitable residences at Quebec and Toronto for the Representative of the Queen. The plan adopted in Montreal of renting premises and expending large sums of money thereon, was a most injudicious one. It is proposed to erect a suitable residence on the public property at Toronto, and to purchase a place at Quebec which has been offered on very advantageous terms, and which will always be well worth its cost. Another heavy charge this year is the deficiency consequent on the adoption of

the cheap Postage system. I have estimated this at £15,000, but it will be a gradually decreasing charge and will be well compensated for by the increased facilities of correspondence.

There are several charges this year consequent on the settlement of old claims on the Government, which have been more than once made the subject of attack. The Debt due to Mr. Roebuck is a balance of his salary and allowances as Agent for the late Province of Lower Canada. That gentleman was formally appointed Agent with a certain fixed salary and allowances, and the honour of the Province is concerned in the prompt liquidation of the debt. Mr. Roebuck has been waiting in expectation that this claim would be settled without a formal application for some years, and at last has been compelled to make a formal demand. The debt due Mr. Mackenzie, is for services as acting Director of the Welland Canal Co., he having been appointed under the authority of law by the House of Assembly of Upper Canada. I know something of this case, and there can be no doubt that the money was hardly earned. Mr. Randall's claim, and that of Mr. Turtton, were sanctioned repeatedly by votes and bills of the Assembly of Upper Canada. The claims of Messrs. Jarvis and McLean are of a somewhat different character, being founded on agreements made by the Crown with those gentlemen, and for which application was made to Parliament. The difficulty of payment arose from disputes connected with the civil list on the abandonment of the revenue from which the payment was made.

I have, Mr. Chairman, drawn the attention of the committee to such of the charges as are of an unusual character, and shall now proceed to offer a few remarks on the general state of our finances.

I am not one of those, Sir, who look with any despondency to the state of our debt, amounting in the aggregate to about £4,500,000; when I look to the rapid increase of our revenue from public works which this year will pay the entire interest on the Imperial Guaranteed Loan of £1,500,000 sterling, I think we have reason not to despond, but to feel encouraged to make greater efforts with regard to public improvements. In 1844 the net revenue from works was £25,000—1846, £48,000—in 1848 owing to great commercial depression added to heavy deductions for repairs and management, it fell to £24,000. In 1849 it rose to £42,615, in 1850 to £52,563, and this year my estimate is £70,000, and I feel confident it will be realized. While on this subject I may advert to the policy of the Government in getting rid of the Turnpike Roads and the Harbours, by the sale of which a gain on revenue of £10,000 per annum will be realized. I think, Sir, that gentlemen who entertain doubts of the policy of the sale of the roads, about which so much has been said and written, will see reason to abandon their doubts before twelve months shall have elapsed. The disposal of them will make a difference of £12,000 or £15,000 to the Government. I have had my share of censure in the transaction, but I had but one object, which was, to do the best for the Country and get the highest price for public property, and my colleagues know that I was most anxious to put the roads into the hands of the very persons who have so loudly complained because they did not get them. Much unmerited abuse has been lavished upon me in this part of the Country on this subject, and in the County of Wentworth. In the latter place I met the Council in a most frank spirit, and the Council agreed to take the roads. It happened, however, that the

Government had made a considerable contract with parties to lay metal on the roads, and this contract had two years still to run. It was not pretended that the contract had not been made upon terms highly favorable to the Government, but the municipality would not assume it, and proposed to throw upon the Government the payment of £2000 to the contractors for which they were to have no equivalent. That Sir, is the reason why the sale to the municipality was not completed in that quarter. I have always wished the municipalities to have these Roads, but the Legislature, it must be remembered, have authorized Public Companies to construct Roads, and there is no particular reason why these should be an exception to the policy.

With regard to the large balance now on hand, I may observe that it is subject to a heavy deduction for remittances to England for which warrants have not been issued to meet the interest due 1st July, and the sinking fund for the present year. There are also balances generally on hand on account of the special funds. It will not be found that making allowances for the charges against the Revenue, the surplus will be so large as Hon. Gentlemen imagine. Still there will be a handsome surplus this year, and I admit that it may fairly be considered whether any relief can be given to the public. At the same time it must be kept in view that a great demand has been made that the public credit should be employed in aid of a great Railway system; and in view of our having to seek the aid of the Imperial Government or of British Capitalists to procure new loans I am not of opinion that it would be sound policy to reduce our import duties. Such a measure would alarm the public creditor at such a time. I think, Sir, that it will be a much wiser policy to

appropriate any surplus to the liquidation of our existing Debt. I am enabled to state, however, that the trade of the Country will be relieved from the tonnage duties charged for the maintenance of lights, a measure which, though peculiarly acceptable to the Commercial interests, will be indirectly advantageous to the producers and consumers of the Country. I also propose to reduce the Bank Tax immediately, with a view to its entire repeal in three years.

In order to sustain the public credit, and facilitate the construction of our Railways, I shall propose that all issues of the Banks in excess of their last returns shall be based on coin or Government securities only—that an average of the circulation of a period of years shall be taken, beyond which, after three years, the banks shall not issue except on a similar basis. I know that some alarm may be felt at first from the supposition that this will affect the commercial interests, by diminishing the amount of commercial securities held by the Banks. I am persuaded however that the effect will be advantageous to those interests. In ordinary times the Banks can amply supply the legitimate demands of the merchants, and if not, more capital would be invested in the business, either by an increase in the capital of the present Banks, or by the creation of new ones. But when a crisis arrives owing to overtrading, and money is in great demand, the Banks are compelled to press upon the merchants for payment of their debts, and to reduce their line of discounts. In such a state of things surely it will be advantageous to the mercantile community that the Banks should hold a large amount of public securities, by the sale or hypothecation of which they would be enabled to place themselves in funds, without pressing on their customers. Should the crisis be confined to Canada, the Banks

would have no difficulty in obtaining any reasonable amount of money on such securities, and even in the case of a general Commercial Crisis, they would be strengthened in their position by holding a proportion of them. In conclusion, Mr. Chairman, I would call the attention of Hon. Members to the published statements regarding the debt. From those statements, they will perceive that the loans authorized since the Union are £2,926,212 11s. 6d., that including the imperial guaranteed loan, £3,024,907 14s. 2d. has been raised, leaving a balance applicable to the purchase of debentures of £98,695 2s. 8d. The actual amount redeemed has been £105,772 14s. 3d., and there is outstanding of small debentures about £6,610, which will be paid on demand. During the last three years, £225,000 of surplus revenue has been set apart for the Sinking Fund, and I confidently anticipate that the annual reduction of the present Debt, by the operation of the Sinking Fund, will have a most beneficial influence on the public securities. Since the close of the fiscal year, we have issued some long debentures principally on account of special funds, and have purchased £43,240 13s. 4d. It is satisfactory to state that applications have been repeatedly made to renew the bonds by the parties holding them. In England our 5 per cents are worth nearly par, our Agents being unable to purchase them, on account of the Sinking Fund, as rapidly as we could wish. With these remarks, Sir, thanking the Committee for the patience with which they have listened to me, I shall propose the First Resolution.



