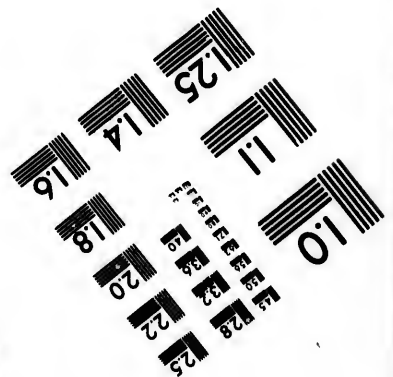
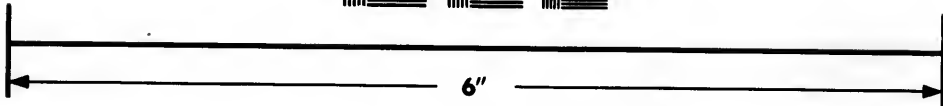
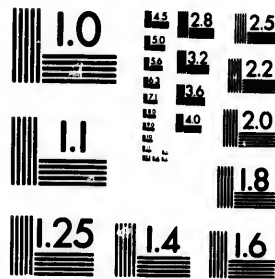


**IMAGE EVALUATION
TEST TARGET (MT-3)**



**Photographic
Sciences
Corporation**

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

**CIHM/ICMH
Microfiche
Series.**

**CIHM/ICMH
Collection de
microfiches.**



Canadian Institute for Historical Microreproductions / Institut canadien de microreproductions historiques

© 1986

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.

- Coloured covers/
Couverture de couleur
- Covers damaged/
Couverture endommagée
- Covers restored and/or laminated/
Couverture restaurée et/ou pelliculée
- Cover title missing/
Le titre de couverture manque
- Coloured maps/
Cartes géographiques en couleur
- Coloured ink (i.e. other than blue or black)/
Encre de couleur (i.e. autre que bleue ou noire)
- Coloured plates and/or illustrations/
Planches et/ou illustrations en couleur
- Bound with other material/
Relié avec d'autres documents
- Tight binding may cause shadows or distortion along interior margin/
La reliure serrée peut causer de l'ombre ou de la distorsion le long de la marge intérieure
- Blank leaves added during restoration may appear within the text. Whenever possible, these have been omitted from filming/
Il se peut que certaines pages blanches ajoutées lors d'une restauration apparaissent dans le texte, mais, lorsque cela était possible, ces pages n'ont pas été filmées.
- Additional comments:/
Commentaires supplémentaires:

- Coloured pages/
Pages de couleur
- Pages damaged/
Pages endommagées
- Pages restored and/or laminated/
Pages restaurées et/ou pelliculées
- Pages discoloured, stained or foxed/
Pages décolorées, tachetées ou piquées
- Pages detached/
Pages détachées
- Showthrough/
Transparence
- Quality of print varies/
Qualité inégale de l'impression
- Includes supplementary material/
Comprend du matériel supplémentaire
- Only edition available/
Seule édition disponible
- Pages wholly or partially obscured by errata slips, tissues, etc., have been refilmed to ensure the best possible image/
Les pages totalement ou partiellement obscurcies par un feuillet d'errata, une pelure, etc., ont été filmées à nouveau de façon à obtenir la meilleure image possible.

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

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

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

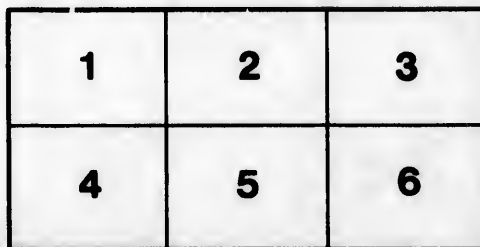
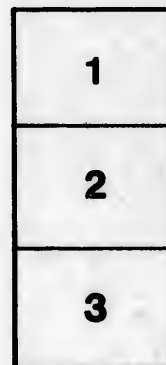
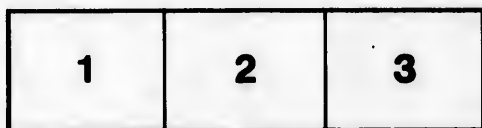
Library of the Public
Archives of Canada

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 \rightarrow (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 \rightarrow 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.

ails
du
difier
une
page

rata
p
elure,
à

32X

SPEECH

OF

THE HON. A. T. GALT,

ON

BRINGING DOWN THE FINANCIAL STATEMENT,

August 29th, 1865.

On motion of Hon Mr. GALT the House went into Committee of Ways and Means.— Mr. STREET in the Chair.

Hon. Mr. GALT was sure that on this occasion he would meet with the wonted indulgence of the House, while laying before it the statement he was about to make. In this case, as in previous years, he had to consider the Annual Balance Sheet of the Province—to state what had been the results of the past labor and industry of the country, and observe what might be the prospects for the future; but on this occasion he had to review a longer period than usual, and to consider the transactions of not merely twelve months, but he might say, of eighteen. During that time we had seen some important changes affecting the condition of the Province. At the commencement of the period the neighboring country, the United States, was convulsed by the greatest civil war the world ever saw—a war which had interfered not only with its industry, but also with our own; and it would be interesting to observe what its disturbing effect on ourselves had been. (Hear, hear.) Before considering that effect, however he would state what had been the extent of our import and export trade. The imports of the half year ending June, 1864, amounted to \$23,382,216, of which coin and bullion amounted to \$3,475,504, so that the imports, exclusive of coin, were \$21,406,712. The exports for the same period were \$13,883, less coin imported, \$704,166, leaving as a balance \$13,179,342. The total imports and exports for these six months were, therefore \$34,586,054. It should be observed that during this period the imports largely exceeded the exports. Whether this had affected the subsequent revenue of the country he was not prepared to say, but the probability was that the excess had exercised influence on the condition of trade during the next few months. (Hear, hear.) The imports for the year just closed, ending June 30th, 1865, were \$44,620,462, less coin, \$4,768,478, leaving as the value of ordinary imports, \$39,851,991. During the same year the exports were \$42,481,151, less coin \$1,438,191, leaving a balance of \$40,792,960. The total trade had thus been \$80,644,951. He was happy to observe that while during the half of the natural year the exports

nearly a million. (Hear.) If we considered the disturbing causes that had existed, we should find cause to congratulate ourselves that we had passed through these difficulties with so little injury. Though if peace had been maintained, our trade might have been larger, it was satisfactory to note that our trade had been maintained at about the same volume as before the war commenced. He would now proceed to advert to the revenue and expenditure of the country for the period which was past. Before doing so he thought it necessary to refer to the remarks which he had the honor of addressing to the Committee at the time the estimates were submitted, the results of which they were now about to consider. On the 10th of May, 1864, the Government stated that they had to propose to the House a change in the financial year, so that it should commence with the 1st of July following, and that consequently they had on that occasion to submit estimates of the revenue and expenditure for the six months, of which four had then expired, and the twelve months following. Having read from the speech he made in May, 1864, remarks showing that, in the circumstances under which the change was adopted, there must necessarily be more or less an intermingling of the two accounts for the six months and the twelve months, he said he recalled these remarks to the attention of the House to explain why the abstract of expenditure now brought down was an abstract for eighteen months. The accounts for the six months were laid before the House last session, and those for the twelve months were now in course of preparation, and would soon be ready. He was sorry they were not now in the hands of the members, but he could scarcely offer an apology for this to the Committee, because they must know it was perfectly impossible to have the accounts prepared within seven weeks of the termination of the financial year. He had, however, prepared an abstract of the expenditure and income, which he presented was in the hands of every member of the Committee. He would proceed, then, to submit to the House a statement of the revenue and expenditure of the country during the six months and during the twelve months separately, and then collectively. And

they had been to some extent exceeded, the reasons for such excess; and in other cases, where the expenditure had fallen short of the estimate, the reasons for this also. For the present, he would exclude the items belonging to the redemption of the public debt, so as to present a comparison of the ordinary revenue and expenditure. For the half year ending 30th June, '64, the estimated income was \$4,774,000, and the actual receipts were \$5,464,000, the excess being \$690,000. For the year ending 30th June, '65, the estimated income was \$10,603,000; the actual receipts, \$10,528,000, the receipts for the year being less than the estimates by \$135,000. The total excess of income over the estimates was therefore \$555,000; but it was his duty to draw the attention of the Committee to the fact that there were included in that income certain items which appeared on the other side of the account as payments, and, therefore, strictly speaking, were not before the House at the time the estimates were submitted, and did not form part of the ordinary income of the year. He referred to the refunding of duties and payments connected with the Provincial Penitentiary. The refunding of duties amounted to \$185,683. There was another point to which he should allude—namely, the arrangements now made, by which all monies received by public officers were carried to the account of the Receiver General of the Province. They had been endeavoring, year by year, to approach as nearly as possible to an absolute order that no public money should be paid out except through the Receiver General's Department, and he thought they had now arrived at a system as nearly perfect as possible in this respect. In the accounts of the past year a new item would be found of \$12,000 from labor of convicts in the Provincial Penitentiary, which appeared on one side as a receipt, and on the other as a disbursement, and which did not so appear, nor was it so regarded at the time when the estimates were before the Committee. The amount of refund was, as he had stated, \$185,683, and of receipts from Penitentiary, &c., \$65,000. Then there was an item of American money received for postage, which was estimated at its par value, but upon which, as the House had learned from the public accounts in June 1864, there had been a loss of \$84,000, which had since been increased to \$100,000. It appeared, therefore, that while on one side this item was still entered at par, on the other, under the head of premiums and discounts, would be found discount that had to be paid on this money. When, consequently, he stated the excess of income over estimates to amount to \$555,000, he found it necessary to deduct the amount of duties refunded, the receipts from the Provincial Penitentiary, and the difference of value of American postal money, leaving an actual excess of \$206,319, as compared with the estimates submitted to the House. He would now refer to the outlay of the half year, which had been estimated at \$5,223,000. The actual outlay which took place was \$4,991,425. So that the excess of the estimate over the actual outlay was \$231,575. The estimates for the whole year amounted to \$10,486,000, and

actual outlay to \$11,541,339, making excess of expenditure over estimates of \$1,055,339, or deducting the amounts short expended in the previous half-year \$231,000, and the refunds, &c., which appeared also on the other side of the account, \$348,681, there was an actual excess of outlay over the estimates of \$475,000. This excess had been caused by disbursements connected with the militia and police on the frontier, and also on account of the necessity of making good the sum of which the St. Albans' banks had been robbed—all of which disbursements the Committee, when it last sat, had no reason to apprehend would arise. These items amounted altogether to \$500,000, which was within a fraction of the excess over the estimated expenditure. He would now refer to actual accounts, and would give the Committee the results as compared with the estimates. The expenditure for the half-year was \$4,991,425; for the year, \$11,541,339; total, \$16,532,764. Income for half-year, \$5,464,000; for the year, \$10,527,932; total, \$15,991,941. Deficiency as compared with outlay, \$540,823, against the estimated deficiency for 18 months of \$272,000; difference, \$268,823. In referring to the deficiency of \$540,823, he thought he might be warranted in drawing the attention of the Committee to the fact that included in that, were two items that could scarcely belong to the ordinary expenditure. He referred, in the first place, to the sinking fund, and the payment to the Grand Trunk for postal service of \$107,120, that sum being a debt which was owing. These two amounted to \$142,758; and if we consider this as apart from the ordinary expenditure of the country, it would reduce the deficiency to \$398,065. Under the expenditure were included items not contemplated by the country or the House at the beginning of the year, such as that already mentioned for the frontier police. And he might also draw attention to the fact that on the Ottawa buildings, which was a public work, in eighteen months, we had \$715,000 disbursed. He now proposed to show how the deficiency was provided for, and would refer to the balances. These were on the 1st Jan., \$2,603,810; 1st July, 1865, \$3,444,531; increase, \$840,741; debt paid off, \$4,087,453; securities sold, \$3,737,533; taken from cash balances, \$299,918, leaving \$540,823 as the difference between the income and the total outlay. In estimating the expenditure on this occasion, everything was brought in up to the 30th June. No items were allowed to stand over. The whole came in within the financial year. It was well to know that the total result comprehended all expenditure of the country up to the 30th June. He thought he might congratulate the Committee and the country that, notwithstanding we had sustained a most serious falling off in the Customs' duties, and increased charges upon revenue, we had been enabled to surmount these difficulties. He would now proceed to revert to the estimates for the current year; and he first proposed to take up the question of the estimated income of the country. The principles he had endeavored to carry out in submitting those estimates had been to form a reasonable and moderate view of what was likely to be the

income
year
pend
ther
the
fram
on f
sequ
ende
his
upon
base
way
this
repe
eral
Gov
duti
with
ent
desir
cont
ment
und
custo
negot
ted S
woul
sister
und
been
G
new
und
trade
bly,
turba
sary
custo
half
turni
in M
and
it ap
whol
comp
from
corre
serv
place
falle
had
mate
We f
off in
the
thing
to w
ly at
press
prev
dina
ted
treat
and
the v
had
more
and
had
and
ing

income of the country for the incoming year, and to endeavor to estimate the expenditure within the estimated income. He therefore felt it his duty to go more fully into the reasons that induced the Government to frame the estimated income than had been done on former occasions. He thought that in consequence of the principle the Government were endeavoring to carry out in this matter, it was his duty to give the Committee the grounds upon which the estimates of the income were based. He would first revert to what had always been the principal source of income in this country—the Customs duties; and would repeat the statement of the Hon. Attorney General East, that it was not the intention of the Government to propose any alteration in those duties. It is true there were items connected with the rates of duties imposed under the present Customs' act which the Government might desire to call attention to. But, looking at the controlling influences in operation at this moment—looking at the fact that we should have undoubtedly to reconsider many points of our customs and excise duties, in connection with negotiations shortly to take place with the United States, and also looking at the fact that we would have to consider, conjointly with our sister provinces, the assimilation of our customs and excise duties, he thought it would not have been wise for the Government to attempt to disturb the existing rates. Those duties had now been in operation a considerable period, and it would not be desirable to disturb our trade in regard to those matters, when, possibly, it might be subjected to still another disturbance within twelve months. It was necessary that he should refer to the course of the customs duties during the last year and a half or two years. The House would find, on turning to the statement laid before them in March last, an abstract of the expenditure and income up to 31st Dec. last, from which it appeared that the customs duties for the whole of 1864 amounted to \$5,666,000. On comparison of the imports of the present year, from 1st January up to 1st July, with those for corresponding period of 1864, it would be observed that a very considerable falling off took place, amounting to \$946,376. This loss had fallen on the financial year just closed. We had now to consider what we might fairly estimate the Customs duties at from 1st July last. We found the causes that produced the falling off in the early part of 1865, as compared with the same period of 1864, arose from two things. First, the bad harvest, and second—to which the decline might be more immediately attributed—the feeling of insecurity and depression existing in this country, and which prevented the merchants from making their ordinary importations of goods. He had consulted the Government collectors at Quebec, Montreal, Kingston, Ottawa, Toronto, Hamilton, and London—at which nineteen-twentieths of the whole imports of the country arrived, and had obtained information as to the views of the merchants generally in regard to the fall trade; and in view of the abundant harvest which it had pleased Providence to grant this country, and the low estimate of stocks of goods existing in all parts of the country, and the univer-

sal report received as regards stocks of groceries, which yielded a large proportion of our revenue—tea, sugar, etc.—it was expected there would be much larger importations this fall than were ever seen before. With regard to dry goods, although there was reported to be an over-supply of certain kinds, it was represented that the general importations would equal those of past periods. As to spring trade, estimate was more conjectural, but opinion seemed to be that the importations of next spring would be very much larger than this and previous years. He believed the sources of information to which he had applied were most likely to guide us correctly in estimating revenue from customs; and when we found the revenue from customs last year reaching \$5,686,271—speaking of the fiscal year ending 30th June, 1865—the whole tenor of the reports received was indicative of there being considerable increase in that trade. He proposed now to take the receipts from customs for 1864 as from 1st January to 31st December, which amounted to \$6,666,000, and deduct from that \$500,000, which, he thought, would certainly bring the estimate for customs within the limit to which it was likely to attain. He believed the reports received would indicate the collection of a larger revenue than that.

Hon. Mr. HOLTON—In the fiscal year?

Hon. Mr. GALT—That is from 1st July, 1865 till next 1st July, covering the fall and spring trade. He might mention in reference to this subject that, although the fiscal year was not far advanced, yet he already began to find the Customs revenue reviving, in proof of which he would give the House a statement of the receipts from Customs for the corresponding periods of 1863, 1864, and 1865—the receipts for 1864, he must remark, being the largest that had ever been received at the same period of the year. The revenue from Customs from July 1st to August 26th were—

In 1863.....	\$936,600
" 1864.....	1,254,397
" 1865.....	939,208

The amount for the month of July, this year, was less than in 1863, but the receipts in August had made up the deficiency, and somewhat more, though they were about \$300,000 less than in 1864, when very exceptional circumstances existed. (Hear, hear.) He might also take this opportunity of stating, though the figures belonged more properly to the next part of his remarks, that receipts from excise had been \$83,414 for the same period (8 weeks) of 1864, and \$250,371 in 1865. He therefore thought the estimate the Government had formed of the receipts from customs was likely to be a safe one, viz: that they would only be \$500,000 less than in the natural year of 1864. (Hear.) With reference to the excise he proposed to estimate the receipts from licenses at \$65,000—they might be a little less or a little more—but they would not vary much from these the figures of last year. With reference to spirits, the receipts last year were 39 cents per gallon on 3,000,000 gallons, the exact sum being \$391,934. The estimate had been based on an expected distillation of 3,300,000 gallons, but duty had been received on 2,972,189 only. In

In making the estimate for the current year, the Government had had reference to what was considered the regular consumption of the country, as indicated by the experience of several years past, making allowance for exceptional causes. One of these was that a large amount of spirits had been taken out of bond before July 1st, 1864, to avoid the anticipated increase of duty, though the Government had secured a good deal by having the duty collected from the time the resolutions were first introduced to the House. The average amount distilled was from 3,600,000 to 3,800,000 gallons. A deduction had been made in last year's estimate of 400,000 gallons to allow for the evasion of duty, diminished consumption, &c., but he thought the probability was that the distillation of spirits would be somewhat larger this year than last. He did, indeed, think it would be considerably larger, but he had only estimated on a basis of 3,250,000 gallons which would yield \$975,000. The distillation might exceed this amount, but a good deal was being sent out of the country, some legally, and some, perhaps, illegally. He proposed to estimate the excise on beer at \$160,000. He found it had not varied much from that amount for some time. In the case of tobacco, the House was aware that a considerable revenue had been anticipated last year from this source, but the House would remember that it had been resolved not to levy duty on tobacco then manufactured, and, as had been stated at the time would be the case, this had seriously affected the revenue for the year just expired. There had been a large stock then on hand, which had gone into consumption, consequently the country was deprived of a good deal of what would otherwise have been realised. Under these adverse circumstances, the revenue collected during the fiscal year had been \$115,500, but he might state that in addition to this, there was a duty accruing on tobacco in warehouse of \$75,180. All this might not be received, because some of the tobacco might be exported and thus not pay duty, but this was the amount leviable on the quantity in bond on July 1st. (Hear, hear.) In estimating the receipts from excise on tobacco, he had to be governed somewhat by reference to the ordinary imports of manufactured tobacco in former years. In 1860, it was 3½ millions of pounds. Before the American war there was a large import of manufactured tobacco. During the American war, the import of manufactured tobacco fell off very much, while that of unmanufactured tobacco largely increased, so much that it amounted in the last two years to 15,000,000 lbs. A large proportion of that had been consumed in the country, although a good deal had been exported. The revenue received during the past year undoubtedly indicated that the consumption had been mainly supplied from stocks on hand—the amounts imported, and manufactured having been small. Under these circumstances, we might reasonably anticipate that the amount of tobacco yielding revenue to the country would approximate somewhat to the consumption of the country. The consumption could not be supposed to be less than five or six millions of pounds; and in practice it was found that the law was not, perhaps, sufficiently strict, and

that in some cases frauds were successfully committed. It was better, therefore, to make a low estimate, and he accordingly put the consumption of tobacco for the current year at three and a-half million pounds, yielding \$350,000. The receipts on tobacco this year, since 1st July, indicated a receipt at the rate of about \$275,000 for the year. But it was clear that the consumption, which would become productive to the revenue, would increase, month by month, inasmuch as the stock of tobacco in the country was gradually becoming less, and consumers would be obliged to purchase that which had been subjected to excise duty. These four items, licenses and excise on spirits, beer and tobacco, would give altogether \$1,550,000. While on the subject of excise he might also remark it was also his intention to introduce a bill, of which he had given notice, for amending the excise law, so as to provide for some cases which he did not think were sufficiently provided for under the present act. It was quite evident now that the excise duties were considerably augmented, as they had been from 6 to 30 cents within three years, that the temptations to commit fraud were much increased; and Government required to have all the additional power with which the Executive could arm the excise officers, for the purpose of checking these frauds. The Government had, he might say, determined in all cases to put the full force of the law into effect against parties who were found violating it. (Hear, hear.) The Post Office last year produced \$470,000. The receipts from postage were, year by year, increasing. The increased population and increased business of the country naturally told on the postal receipts, and we might fairly estimate some addition under that head. He preferred, however, putting the estimate at the same figure—\$470,000. The Public Works last year produced \$395,000; this year he estimated them at \$450,000. He might here give a very brief explanation with regard to the question of canal tolls. The policy of the Government as regards the tolls was the policy adopted at the time the President of the Council joined the Government. That, like some other questions, was felt to be entirely subordinate to the great point of settling the constitutional difficulties of the country. He (Mr. Galt) at that time held his own views, and he held them still, as to the policy of making our inland navigation as free from burdens as possible, and he believed the President of the Council equally held to his expressed views. When he (Mr. Galt) came into office, the tolls had been re-imposed by his hon. friend behind him, (Mr. Howard) and maintained by the hon. gentleman opposite (Mr. Holton.) They were afterwards slightly modified by himself (Mr. Galt.) There might be some minor changes to meet the requirements of trade, but the Government did not intend to alter the rates or the principle on which they were now administered. The increased estimate of \$55,000 was what he believed would arise from the much more productive harvest which the Western country had had, and which he thought we might reasonably hope would yield that increase of tolls, which was only half the excess of the previous year over last. In the previous

year, the receipts were upwards of \$400,000; last year \$320,000. For this year he took the medium between those amounts \$450,000, and he had every confidence the estimate would be justified by the result. The estimate for ocean postage was an average of the last two or three years, \$70,000. The territorial income last year was \$220,000. But included in that was a considerable payment from the Canadian Land and Emigration Company, which bought a large quantity of land in the district between Lake Huron and the Ottawa, and completed their payment of a sum of nearly \$200,000 in the past year. We could not assume an equal sum this year, and there was a reduction, therefore, in the estimate of the current year of \$180,000. It was estimated we would receive \$680,000 instead of \$930,000. Taking the hopeful view which we were justified in taking of the position of settlers throughout the country, we might hope there would be a much larger amount of arrears collected this year than last year. He had not made any estimate, however, on this account, in the receipts of the present year. Stamps yielded \$119,000 during the fiscal year just closed, somewhat more than the estimate. The data were then exceedingly imperfect. The returns obtained from the banks gave an estimate of \$90,000, and he had estimated from other sources an increased revenue of \$10,000. The receipts had been considerably greater, having yielded \$119,000. It would be his duty before he sat down, to move a resolution on the subject of stamp duties. It was found that the limitation of stamped bills and promissory notes to \$100 was productive of very great evasion. Notes were divided to a very great extent. No one gave a note for \$100, but it was divided so as to escape the duty altogether. This was not fair to the rest of the community, and certainly it was not desirable to allow people to evade the revenue in this way. It was therefore proposed that all bills and promissory notes of whatever value should bear a stamp, one cent on notes of \$25 and under, 2 cents on \$50 and under, 3 cents on \$100 and under. By that means he expected some increase would be derived. There were also some minor amendments to the Stamp Act which he would embody in a bill to be brought before the House this session so as to remove some doubts which had arisen as to the interpretation of the Act. This bill would provide also, as far as possible, for the use of stamped paper instead of affixed stamps, the revenue being undoubtedly subjected to some amount of fraud, by the use of stamps not thoroughly defaced, taken off the notes. Before he left the subject of stamps he ought to give some information with regard to the operation of the act imposing law stamps, which had been substituted for the law fees formerly existing in Upper and Lower Canada. He would read the figures showing the state of the various funds in Upper Canada for each year since 1861, omitting fractions. In 1861 the Upper Canada Fee Fund amounted to \$47,000; in 1862, \$51,000; in 1863, \$58,000; and last year it had increased, through the operation of stamps, to \$85,000. The average receipts for the previous three years having been \$52,000, showed the increase in 1864 to be \$16,000. Then the

Consolidated Fund in 1861 amounted to \$32,000. In 1862 to \$30,000; in 1863 to \$29,000, allowing a gradual decrease until last year, when under the stamp law it rose again to \$35,000, considerably above the highest receipts in 1861. The receipts of the Law Society in 1861, amounted to \$20,000; in 1862, to \$18,000; in 1863, to \$14,000; but under the stamp law they rose to \$20,000 again in 1864, being equal to the receipts of the highest previous year, 1861. These items, with a large number of others, were included in the term miscellaneous, but he did not purpose to delay the Committee by going over them *seriatim*. The municipalities' fund, the Indian fund, and collections under the Municipal Loan Fund formed the principal items, while with these there were a variety of minor sources of income which produced altogether in the year 1864-65 the sum of \$1,670,000. He proposed to estimate them all as producing next year \$1,650,000, being a reduction of \$20,000. He then, in connection with the purpose of the Government as to the mode of expending these sums, adverted to the operation of the Audit Act, and stated to the Committee certain modifications of form which Government were adopting, with a view of creating a greater check upon public expenditure. There was no doubt he were gradually approaching a more perfect system in this respect. It had taken us several years to do so, as it must necessarily do in any country, but it was a system more perfect than that adopted in any country of which he had knowledge. It was certainly more perfect than that of England or the United States, but he could not speak with the same knowledge as to the systems of other countries. Under the principle of the Audit Act the authority of Parliament was required for every expenditure, and so far it was perfectly good and carefully carried out. To that extent this House had control over the expenditure, but as a matter of fact Parliament continually made appropriations which ought to be and necessarily were subject to the discretion of Government as to whether they should afterwards be expended. Appropriations for the Ottawa buildings were of this nature, as well as many others made by Parliament. Well, it was proposed as a regulation which he thought would work beneficially for the purpose of checking the expenditure to require that all the disbursing officers of the Government throughout the country should make monthly returns to the Government of the sums they proposed to expend out of the Parliamentary appropriations. The effect of this, the Government anticipated, would be that they would have a better check upon the progress of public works and in arresting any expenditure that might be saved, and it would afford the further advantage to the Government of controlling the demands which were being made from time to time upon the public exchequer, which demands had often to be met unexpectedly and at inconvenient periods. While speaking of this he might say the time at which the payments of the Provinces matured was somewhat inconvenient—the 1st of January and 1st of July, especially the 1st of July. At these periods the Government had not only to provide for interest on public debt, but also for the distribution of the municipalities'

money, the educational grants and other appropriations. Consequently large sums fell due at the beginning of every half year, and it was a question with the Government whether these periods of payment could not be altered, not to deprive any one of money due him, but to spread disbursements over the year and make them due at more convenient periods. The amount of public debt to be redeemed this year was \$1,100,000, of which the greater part was the final payment of the Imperial loan. It was now all paid off with the exception of £140,000 sterling, and the Government held that amount of India bonds to pay it. The remainder of the amount consisted of small debentures which were now falling due, amounting to between \$300,000 and \$400,000. The interest and charges on public debt were \$3,800,000, including sinking fund. The charges embraced under the head of Civil Government, were all mentioned in the estimates already in the hands of members, and amounted to \$4,633,000. A good deal was provided for by statute, and was therefore not shown in the estimates in members' hands. It was proposed to expend for Militia during the next year \$500,000, which would be more fully explained by the Minister of Militia on Thursday next. In regard to public works, the buildings at Ottawa, and the completion of the enlargement of the Welland Canal, were the chief. It was expected that the total outlay of the Board of Works would be \$600,000. The collection of revenue was put down at \$1,350,000. That did not include the refunds, which, if included on one side as revenue, had to be included on the other as expenditure. These amounted to \$100,000. The aggregate of these outlays, exclusive of redemption of public debt, was \$11,074,000, against an income of \$11,130,000, leaving a surplus of \$62,000. In regard to them the Government had exercised every economy. There was no doubt that, in a country like Canada, increasing so rapidly, there must necessarily be a gradual increase in the cost of the Government. It was impossible to govern three millions for the same sum as two millions. He alluded specially to the great influx from the States during late years, causing an increase of population which was very troublesome and expensive to us. The Government was also obliged to provide for a good many items of expenditures which, perhaps, were omitted before, but could not now appear in unprovided items. The determination of the Government was to exercise every economy in the expenditure of the sums which Parliament might place at its disposal. The Audit Act would be supplemented by such restrictions as would give the Government stricter control than ever before exercised. He went on to allude to the necessity of making additional provision for the Toronto Lunatic Asylum; \$25,000 out of the Upper Canada Building Fund, but requiring to be taken from the estimated surplus would be expended on that up to 30th June next, in the commencement of two wings. As to the balances, on 30th June last, they were nearly \$3,444,000. The House had already clothed the Government with power to dispose of four millions of debentures, but that had not been exercised, the debentures being lodged with the financial

agent and the Bank of Montreal, for sums of money obtained from them. The balances due to the London agents had been considerably reduced, since January 1864. On the other hand the Government had obtained temporary assistance from the Bank of Montreal, to the extent of \$1,250,000, at the commencement of the new year. The Government had already paid off \$250,000. Seven per cent was the rate, while that of the London agents was five per cent. With regard to these balances the Government had not proposed to ask the House to make any special provision. They did not think there would be any difficulty in carrying over these balances to such time as might be convenient for the public service. The London agents at once assented to carrying them over till January 1st. The Government would not like to sell their securities at their present rates for the purpose of covering this. They had every confidence that the credit of the country would very speedily be improved. They had indications of that already, and there could be no doubt, now that peace had been restored in the United States that confidence in our securities would rise to the former rate. The Government would exercise its authority under the supply bill of last year, in reference to the issue of debentures should some favorable opportunity arise for placing short dated debentures on the market. He would now advert, at some short length, to our present relations towards the United States, and what he might term our foreign trade generally. In view of the fact that the Reciprocity Treaty might possibly expire on the 17th March next, under the terms of the notice given, and that a great disturbance of our trade would ensue which might effect the conclusions to which the Government had come in reference to our revenue, he ought to say what the Government hoped might be the result of their negotiations with the United States, and make some statements in regard to the disposition with which they were prepared to enter into arrangements for a renewal of commercial intercourse. Our trade with the United States consisted of two parts. One was independent of the Reciprocity Treaty altogether, and the other was that existing under it. As to the former, the privileges applying to the most favored nations would apply in our case in every particular. But the great bulk of our trade, was of the other kind, and that which created the greatest apprehension in the minds of our people, was the belief that we were to a very large extent dependent upon the United States for the market for our produce. He would not desire to diminish or derogate from the importance of the trade enjoyed with that country. It was impossible that two kindred nations, speaking the same language, having the same commercial instincts, and actuated by friendly feelings, could exist alongside of each other without having intimate commercial relations & intercourse, and it was evident they could not be interfered with by either nation without seriously injuring both. But, while he acknowledged the importance of the trade with the United States, it was not our interest, nor was it his duty to exaggerate its importance. In view of the possibility, and, as many thought, probability, of that treaty being abrogated in March next, it was

desirable
look
the tra
reasons
believe
and to
other ha
that res
He had
United S
go into
advert
short ti
imports
out the
For
"
"
"
Hal
Fis
This
ports, le
and 37
trade w
For
"
"
"
Hal
Fis
The r
total ex
shewn i
respecti
for the y
operatio
under th
'65, for
ports fro
ately th
ately th
treaty w
and our
large as
trade w
were fir
amounte
In cons
us must
supply i
be found
lumber f
the con
was to
average
indicatin
\$7 and
1852, to
1861, \$
the distr
tained th
aida, w
the West
dering o
and Snp
trade w
been con
which be
our bein
States w

desirable for the House and country to look somewhat into the condition of the trade as it now existed, and into the reasons which induced us on the one hand, to believe it would be continued and extended and to consider the position we should, on the other hand, be placed in, if our anticipations in that respect should prove to be unfounded. He had a statement of our trade with the United States, since 1850; but would not now go into all the figures. He would merely advert to what that trade had been for some short time past, beginning with 1860. The imports from the United States had been, taking out the coin and bullion:—

For 1860.....	\$17,258,585
" 1861.....	20,208,080
" 1862.....	22,642,860
" 1863.....	18,457,683
Half of 1864.....	7,952,401
Fiscal year 1864-5.....	14,820,567

This was, in proportion to our whole imports, less coin and bullion, 50, 51, 49, 44, 37; and 37 per cent respectively. Our export trade was thus shown:—

For 1860.....	\$18,427,918
" 1861.....	14,261,427
" 1862.....	15,063,730
" 1863.....	18,426,891
Half of 1864.....	7,046,267
Fiscal year 1864-5.....	21,340,350

The relative proportion this trade bore to our total exports (less coin and bullion) was thus shewn—57, 41, 49, 49, 58 and 56 per cent respectively. He would now take the figures for the year, for the purpose of looking into the operations of our trade with the United States under the treaty. He would take the year '64-'65, for this reason, that in that year our imports from the United States were proportionately the lowest, and our exports proportionately the highest. There was no year since the treaty was enacted, in which our export trade and our market in the United States was so large as in 1864. The leading articles in our trade with the United States under the treaty, were first the products of the forest. These amounted last year to five millions of dollars. In considering the value of that trade to us and to the United States regard must be had to the present state of the supply in the United States market. It would be found, he thought, that the obtaining of that lumber from Canada was quite as essential to the consumers in the United States as its sale was to ourselves. He might advert to the average prices of lumber entered for export as indicating this. The prices were raised from \$7 and \$7 75 per thousand feet in 1851 and 1852, to \$8 in 1859, \$9 75 in 1860, \$9 50 in 1861, \$9 75 in 1862, and \$10 in 1863. Now, the districts from which the United States obtained their supply of lumber, exclusive of Canada, were the State of Maine, some portions of the Western States, Michigan, and States bordering on the upper waters of Lakes Michigan and Superior, and the Southern States. The trade with the Southern States had, of course, been completely stopped for several years past, which had given vitality to the trade here, from our being called upon to supply the Northern States with ship-building timber to a large ex-

tent during the rebellion. The portion of the United States which consumed timber was not that which produced it. Large districts of New York and Pennsylvania, and the New England States, were dependent for lumber on importations from other parts of their own country and from Canada. Even in the Western States a very considerable market for lumber existed. Now, what would be the effect of the United States imposing a duty on lumber? It would either raise the price so as to induce the article to be brought from portions of their own country, whence it could not at present be brought on account of the distance, or they would have to import it from this country, paying the duty themselves, and paying us the same price as now. They might raise the cost of the building material used in their houses and ships, but they could only do so at the expense of the consuming interests, without injuring the producing interest. Unless the effect of the increased cost was to diminish the consumption, they must necessarily go either to Canada, or to the more remote districts of their own country for the supply. He contended that where a country was compelled to consume an article on which they charged duty, they not merely paid the duty themselves, but absolutely made a present of a similar amount of duty to all the producers of the article within their own country. There would be an increase of price on the whole production of lumber in the United States; and he believed that in the case of so bulky an article, which would not bear a long carriage, they could not supply their market without coming to Canada for it to a very great extent. The exports of the next class, animals and their products, reached a very large and exceptional amount in '64-'65. In that year there were no less than \$1,812,334 worth of horses, and \$1,781,965 worth of cattle exported to the United States. If anything were wanting to shew the extent to which the Northern States were exhausted by the war, it was the exceptional amount of exports from Canada under the head of animals during the past year. In 1861, they amounted to \$1,307,030; in 1862, to \$1,262,131; in 1863, to \$2,331,747; and in 1864-5, to \$4,478,000, being an enormous and exceptional amount of export in that year, and one which we could not reasonably expect to continue, now that the cause to which it could incontestably be traced had been removed. It was clear that, being compelled to come to Canada for this large supply, if they had put a duty on it, they would have had to pay it themselves. As regarded meats, we had only exported to the United States one-half of what we had imported. The imports were \$876,968; the exports \$484,800. The effect of their imposing a duty would be, that instead of our exporting to them our \$484,000 worth of meats, and importing \$876,000 worth of beef, bacon and pork, chiefly pork, for our lumbering establishments, our lumberers would get their supplies from our own farmers, instead of buying Western pork. Of butter and cheese, the exports and imports were almost alike in amount, but with this singular difference, that we exported \$340,899 worth of butter to them, and they exported \$306,618 worth of cheese to us. Our export of wool was considerable, and was growing. Last year it

amounted to \$1,351,722, against an import of \$174,071. The description of wool we exported to the United States was essential to their manufacturers, and they took it from us because they could not get a better article, or one more suitable for their purpose anywhere else. If they imposed a duty, so as to exclude our wool, they would have either to change their mode of manufacture, or to find wool that would answer their purpose in some other part of the world. Of other products of animals, there was an import of \$814,599, against export of \$381,000. With respect to agricultural productions, the trade was naturally two-fold, consisting in wheat and flour, the prices of which were governed by the consumption of the European market, and in coarse grains, of which the price was chiefly fixed by the consumption of this continent. The trade in wheat and flour might be considered as a transit trade. The price was not regulated by the American market, and the American market did not consume these articles. The United States exported to the Maritime Provinces alone about as much as they imported from us. (Hear.) Being a transit trade, the Americans reaped the benefit of it—they had the advantage of transporting it and of the commercial profits that arose from transacting it. The effect of preventing the continuance of that trade would be that if we succeeded, as he trusted we should, in establishing proper commercial relations with our maritime brethren, the trade would be conducted directly with the Lower Provinces instead of, as now, with Boston and New York. (Hear, hear.) As to the trade in coarse grains, the case was somewhat different, but the same argument held good, which he had used with reference to lumber. Indeed, it applied more strongly to coarse grains than to lumber. If lumber could not be carried far, except by water, it was clear that grains like barley and oats could not. Now, the market for these articles was to be found in the manufacturing districts of the United States, and we knew that by imposing duties on them the cost of manufacturing would be enhanced, in which case it was plain that while the New England manufacturers were now complaining of the difficulties of competing with the foreign manufacturers still more would they complain then. (Hear.) We should hear an outcry from them, which the American Government would have to meet, either by allowing these grains again to enter free, or by increasing the customs duty on foreign manufactures, which increase the North-west would resist and resent. (Hear.) But while we exported a large amount of oats, barley, &c., worth about four and a half million dollars—we imported nearly \$1,800,000 worth of Indian corn and coarse grains. Now Indian corn was used to a great extent in this country in our distilleries, and if the Americans refused to take our coarse grains, it would become necessary for our distillers to use them. The American distillers, in Ohio and other States, preferred our barley, which was better than any they could grow themselves. Well, they would have to use their own Indian corn instead. The Americans now grow some cheaper, and better than we, while we grow barley cheaper and better than they. To interfere with the exchange would be in-

convenient to both parties, nay, it would be injurious to both, but the principal effect would be to change the nature of the distillation carried on on either side of the frontier. (Hear.) There were other articles, like fish and oil, which not detain the Committee long by an extended reference to them. The product of our mine was not an important interest as yet though it was a growing one. If we had not free access to the American market for our ores, we should lose the advantage of a market with which we could communicate by telegraph in a few hours, and by mail in a couple of days, but at the same time it was not the American market which gave value to the produce of the mine. This was given by the demand of the world at large, and though the Americans might deprive us of the privilege of selling our ores in their market, and force our trade in minerals into a different channel, they could not prevent us from raising our ores and disposing of them abroad. (Hear, hear.) In the case of the fisheries, it was singular that we imported from the States a great deal more than we exported, the exports being \$89,275, while the imports were \$237,981. He presumed the imports were of fish and fish oil that had come from the Lower Provinces by way of the United States. Our imports of manufactures were of course very much larger than our exports, but it was worth notice that we had exported last year \$460,000 worth of manufactured goods to the United States. It was impossible to tell whether they were of Canadian make or not, but he was aware that latterly considerable orders had been received from American houses, and it was gratifying to know that our manufacturers were in a position to sell goods to the American market, even after paying the 40 or 45 per cent duties to which they were subjected. This was a good sign, and indicated that the period was arriving when they would require no protection at all to enable them to carry on their business. (Hear, hear.) To sum up. The exports to the United States which might be said to be dependent on the Reciprocity Treaty—that was, the balance of exports over imports—was—

Lumber, about.....	\$5,000,000
Coarse Grains.....	4,000,000
Animals.....	1,500,000

[The trade in animals was much larger last year, but this was about the average.] Thus a balance of about 10½ millions of our exports was more or less dependent on the Treaty. That was about the amount they could affect by levying taxation on the different productions of this country. He would not repeat any of the arguments with respect to each article, but on the peculiar position of that portion of the American market, which was supplied from Canada, was such that he did not think they would find it to be their interest to impose duties on our products for if they did, they would not merely increase the cost of every one of those articles raised in their own country, but they would have themselves to pay the duty on the supplies they obtained from abroad, essential for their consumption. (Hear, hear.) He might mention one fact, however, in this trade of \$10,000,000, that though it was certainly not important with reference to the commerce of the country, it was compelled by circumstances to look at the pos-

ability of its being diverted, we should not look so much at the proportion it bore to the total exports or imports of the country as to the proportion it bore to the whole products of the industry of the Province. (Hear, hear.) We ought not to conclude that because, say 25 per cent. of our exports went to the United States, 25 per cent. of the industry of the Province would be paralyzed if they did not go there. The worst result would be the change that would have to be made in a certain amount of the productive labor of the country. Labor rendered unremunerative in one direction must be made productive in another. It was so in manufacturing pursuits; it would be so in others. Apart from the derangement of commercial transactions, which would undoubtedly be a source of annoyance, the only consequence would be that if we had an absolute interruption of the American trade, we should have to change the character of our produce before sending it to market—our productive industry would not be paralyzed. (Hear, hear.) He thought the Committee would agree with him that we could do no greater service to the cause of Reciprocal Free Trade with the United States—we could do nothing better calculated to bring about such a state of feeling in the United States as would lead to the renewal of the treaty—than to do away with exaggerated views and ideas on one side or the other. When the Americans found that the loss of their trade would not affect us so seriously as to change the allegiance of the people of this country, they would, in all likelihood, commence to extend commercial facilities to us again. In this connexion he must remark that when a gentleman occupying the important position of the chief representative of the commercial interests of the United States in Canada asserted that the loss of free trade with them would affect our allegiance, he shewed a most lamentable ignorance of the state of that trade and of the country. (Hear, hear.) He (Mr. Galt) could not think such views were sanctioned by the authorities to whom that gentleman was responsible. (Hear.) To do away with such views as he expressed it was essential we should have it clearly and perfectly understood that we were not so dependent on this treaty as was supposed. (Hear, hear.) The political question was quite distinct from the commercial one. The American politicians said themselves that they desired us to be in such relations with them that more commercial intercourse would follow. They did not desire a suspension of trade with us, except for the purpose of forcing us into annexation. If then we could show them that the trade was not of such magnitude that its interruption would produce a complete change in our hopes and aspirations, and render us willing to abandon our whole future, we should remove one of the greatest obstacles to the re-establishment of intimate trade-relations. (Hear.) Again, it was clear that another class of people we had to meet was those who were honestly convinced that the trade under the Treaty was very much more advantageous to Canada than to the United States; so advantageous, indeed, to Canada, that we should be willing to make any sacrifice in a commercial sense—not a political sense. It was not a good

way to enter into a bargain with the United States by laying down our heads and saying we must concede everything they asked. He contended that this was not the position of Canada. He admitted that the Treaty was important—that there were important interests which would suffer if it were interfered with—but he denied that they were so important that we should give up everything in a commercial and financial sense to have it renewed. (Hear.) We were called on by the Detroit Convention to enlarge our canals—to give them certain assurances with regard to the use of these canals—also to alter our customs and other duties, in the sense which they thought would be more advantageous to their manufacturing interests than at present. Now, we were prepared to enter into discussion on all these points. We said we were satisfied with the Treaty, though it was not so advantageous for us as we could wish, and asked them if they did not desire an absolute suspension of commercial intercourse, to tell us the points which, in their opinion, demanded modification. Now, taking the Detroit Convention as an exponent of the views of the United States, we saw that the enlargement of our canals was one of the points urged by them. The position of the Government on this subject was clearly and intelligibly stated the other night. We had no trade ourselves which required such enlargement—no trade which of itself would justify us in enlarging the canals. We could only be repaid for such improvements by obtaining the American trade and making it pay tolls, or otherwise contribute to our revenue. If, then, the Americans did not want to have any trade with us, it would clearly be the greatest mistake in the world to enlarge our canals; that should only be done in the event of the Americans desiring to send their produce by our routes. It was very well for them to ask us to enlarge our canals, so that they might have some check on the rate of toll taken on the Erie Canal—all very well for them to demand the enlargement of our canals, whether they used them or not—but he thought that when they came to ask for it, we might very fairly refer to some points which required to be altered in our interest. There was, for instance, the registration of shipping, and the admission of our vessels to their coasting trade. The Government of Canada contended that the interests of the Maritime Provinces were identical with those of this country. Well, we should have to consider whether the facilities we were asked to furnish to the North West to reach a foreign market, were not of such value as to justify us in asking that our vessels should be admitted to a participation in their coasting trade. [Hear, hear.] The Registration of Shipping was of great importance to the interests of the very place in which the House was now sitting. It was to be hoped the American Government would take a different view of this in future from what they had taken heretofore. Large numbers of American ships had been transferred to English owners during the late war, and it would be very difficult, if he understood their law aright, to get their registers changed.

AN HON. MEMBER—They can't do it.

HON. MR. GALT—Another point was that it would be quite plain to any one who

to be in-
would
of the
Americans
of selling
our trade
they could
ets and
hear.) In
ar that we
deal more
\$99,275,
assumed
that had
way of the
manufactures
our ex-
had ex-
manufac-
was impos-
Canadian
that latterly
ed from Am-
to know
ation, as well
that pay-
which they
sign, and in-
ing when they
all to enable
Hear, hear.)
United States
ident on the
be balance of
0,000,000
0,000,000
0,000,000
b larger last
erage.] Thus
f our exports
n the Treaty
y could affect
nt productions
repect any of
to each article,
n of that
et, which was
that he did not
their interest to
for if they did
se the cost of
g is their own
e themselves to
they obtained
ly consumption
es any had more
99, that though
s still in the coun-
look at the pos-

at what was passing in the United States that the question of their revenue had a most important bearing on our commercial relations with them. That country could not sustain very high duties on a variety of articles, without a great deal of illicit trade being carried on from Canada to the United States. He thought, and his colleagues too thought, that Canada ought to perform the part of a friendly neighboring country; that we should, as far as possible, prevent their revenue being subjected to fraud, but it was at the same time clear that the check which could be exercised by us on smuggling from Canada to the United States was next to nothing; it must be checked from the American side, not from ours. There was only one way in which it could be effectually prevented—the selection of certain articles on which the duties should be so nearly assimilated as to present no inducement to illicit trade. The Americans had now a Commission sitting to revise their revenue laws, which Commission was invited by the Detroit Convention to confer with the Finance Ministers of the British Provinces. Any suggestion that might be made by them would be considered in the most friendly spirit; but if we were to be met by an absolute Chinese wall of restriction; if there was to be no intercourse between the two countries, well, then, let them look after their own frontier; we would have such duties as we pleased, and let them have the duties they liked. [Hear, hear.] He would now leave the question of our trade with the States, and would like to be permitted to occupy the attention of the Committee for a few moments by a reference to the state of our foreign trade; that was our trade with other countries besides Great Britain and the United States; and in the first place he would refer to the trade of the Maritime Provinces. That trade had not been so large as had been desired, nor increased so rapidly as might have been expected, because under the Reciprocity Treaty they had obtained in the American markets those articles they might have obtained from us, which had been sent by us into the United States, and by the United States exported to the Maritime Provinces. The actual results, as comparing several years, were that we had imported in 1860 goods worth \$393,864, while in the fiscal year ending June, 1865, we imported \$511,570. Our exports had increased during the same term from \$723,534 to \$1,065,057—an increase of about 25 per cent. From the British West Indies the increase in trade had been more considerable. Our imports were \$15,802 in 1860, and \$209,327 in 1865. So there had indeed been a renewal of the West India trade we formerly enjoyed. The exports to the Maritime Provinces had risen from \$723,000 in 1860 to \$1,065,000 in 1865, and to the West Indies they had risen from \$11,000 in 1860 to \$41,000 in 1865. But while that had been the case with our own West India Islands our trade with the foreign West Indies was beginning to assume somewhat considerable dimensions. This was particularly the case as regarded Cuba, and he found the total value of articles imported from the foreign West Indies in 1864, was no less than \$1,046,946, of which there had come by way of the St. Lawrence, \$255,146; by way of the United States, \$687,353, and by way of Nova Scotia,

\$126,447. The general foreign trade of Canada amounted to so little three or four years ago that it was scarcely worthy of notice. In 1860 the total import trade of Canada from foreign countries, except United States, was only \$905,260, and in 1865, notwithstanding the depressing influence of the American war, it had risen to \$3,274,614, an increase of nearly four-fold in that short period. [Hear, hear.] It now amounted to eight per cent. of our whole exports instead of only 2½ per cent. It was gratifying to the Government, and he was sure it must also be gratifying to the House and the country, to know that, at a time when we were threatened with the interruption of trade relations with the United States, we had trade with other foreign countries, independent of British possessions, which was growing with the rapidity indicated by these returns—a trade that now amounted to about one-tenth of the whole industry of the country, if trade with the United States were put an end to to-morrow. (Hear, hear.) These observations respecting our trade with the United States, the Reciprocity Treaty, and our trade with foreign countries generally, acquired perhaps additional importance at this moment, because we knew that, under instructions from the Imperial Government, representatives from the different Provincial Governments would meet in this city during the month of September next. It was peculiarly happy that, at this moment, such a meeting was to take place, because we had to consider two points in reference to our trade with the United States. We had to consider first—what action should be taken in case the American Government should undertake to enter into negotiations for the renewal of the Treaty; and we had to consider, in the second place, what action should be taken if it declined to negotiate at all. Now, it must be clear, with reference to the trade of the Maritime Provinces with Canada, that it was most important that this meeting should be held, and that a common understanding should be arrived at by the representatives of the different Governments. He did not apprehend that there would be the slightest difficulty in negotiating, or coming to an agreement, upon either one point or the other. (Hear, hear.) The Canadian Government did not desire to engross the negotiations that might take place respecting the Treaty. If they stood alone, they would as much consider the interests of the Maritime Provinces as their own, but on this occasion, they would have these interests represented by gentlemen from the Governments of those Provinces themselves; and they would have the advantage of obtaining from them information on points relating to those interests, and by this means he did not doubt that they would be able to unite in placing before the representative of the Imperial Government at Washington the united views of the Governments of all the colonies, in reference to trade with the United States, and especially with reference to the fisheries of the Gulf of St. Lawrence and Nova Scotia, which formed such an important part of that trade. But if, unfortunately, we should be disappointed in our anticipation that the American Government would enter into negotiations for the renewal of the Treaty, then we would be

come more t
standing sh
vinces, in re
It would be
supplies the
States, and
transporting
Lawrence t
that, even i
fish and oth
vinces wou
States. It
understand
which we
would be
This Govern
advantage
this time
they hope
sults ever
now to po
simply, an
able, by pu
gether, to
militate the
provide t
might hav
any obsta
Again, the
European
receive v
extension
French C
made to t
the Briti
privilege
France
and lum
same foc
had been
bably, i
most de
commer
trade ha
amount
million
mental
the Mar
France
He ther
regard
South A
sary to
conclu
in refer
positio
under
some t
been st
ing, w
when
it had
es, a v
turner
curren
ing, t
the inv
tribe
con
this

come more than ever necessary that an understanding should be had with the Maritime Provinces, in reference to the future of our trade. It would become necessary with regard to the supplies they now obtained from the United States, and also with regard to the means of transporting their products by way of the St. Lawrence to the West; for he did not doubt that, even if the Treaty were not renewed, the fish and other productions of the Lower Provinces would find a large sale in the Western States. It would also become necessary to understand what articles they wanted with which we could supply them, and what it would be advantageous to receive from them. This Government certainly felt that it would be advantageous to meet their representatives at this time on these and other grounds, and they hoped that this meeting would have results even beyond that. He did not refer now to political results, but to commercial ones simply, and he thought that they would be able, by putting their views and opinions together, to see how far it was possible to assimilate their several commercial systems, and to provide that the industry of one Province might have access to another without meeting any obstacle or burden whatever. [Hear, hear] Again, they had reason to believe that the European trade of the Lower Provinces could receive very considerable development, by an extension to them of the concessions which the French Government with great liberality had made to Canada. To this country only, of all the British Provinces, had been extended the privileges of the commercial treaty between France and England, under which our ships and lumber were admitted into France on the same footing as from England. This privilege had been given to Canada alone, because, probably, it was looked upon as the largest and most desirable colony with which to cultivate commercial relations. Under it an extensive trade had been growing up with France which amounted last year to about three quarters of a million dollars. The meeting might be instrumental in obtaining a similar advantage for the Maritime Provinces, for whose productions France afforded a very considerable market. He then alluded to information collected with regard to our trade with the West Indies and South America in the event of its being necessary to seek new outlets for our commerce. In conclusion, he thought he would be warranted in referring for a few moments to the altered position in which the House now met from that under which they had last separated. For some months before the House rose we had been suffering in common with the neighboring country from the vast civil war there raging, which had not then approached that period when any one could prophesy its termination. It had produced, among other lamentable causes, a very great and increasing degree of bitterness between that great country and ourselves, and at that moment we were suffering, not only from the direct effect of the war in the United States, but also from a feeling of insecurity which sprang out of, and out of the irritation in the American mind, this

duced by the war, but from the fear of hostilities extending to ourselves also. Every one would remember that, at the time the Government announced its intention of sending a delegation to England, the feeling amongst the public was one of apprehension. Defences and fortifications were the common talk from one end of the Province to the other—

Hon. Mr. HOLTON—For which you are responsible.

Hon. Mr. GALT thought the responsibility might rest as fairly upon other people as upon the Government. The irritation in the United States had given rise to a hostile commercial policy towards this country. We had been subjected to all the interference and annoyance caused by the passport system; one never known on this Continent before. Our trade with the United States had also been subjected to the greatest possible inconvenience by the Government requiring Consular certificates, which were both expensive and troublesome. They had given notice of the abrogation of the Reciprocity Treaty, and this hostile commercial feeling many feared would change to hostility in a material sense. We were also suffering from bad harvests, which were considerably below the average, and the country, from all those causes, was in a generally depressed state. Politically a very serious check had been given to the policy which the Government, with the sanction of a very large majority in the House and the country, had endeavored to carry out successfully, the policy of Confederation. They had received a check to that policy to which they looked for the termination of our sectional difficulties, by the result of the elections in New Brunswick. At the same time, too, instead of having the support and encouragement of English public opinion, we had it to a great extent against us. Those who advocated a change in the colonial system and the severance of the tie which bound the colonies had got hold, to a great extent, of the public mind in England, and, consequently, had produced a tone of feeling adverse to the colonies, and which this country had not been accustomed to see prevail in England. (Hear, hear.) Those causes combined had unfortunately produced on the public mind a feeling of insecurity and discouragement which was producing the most unhappy results in every possible way. There was a conviction in the public mind that a change was coming, and every one feared it would be attended with great disaster, perhaps with bloodshed and war. At any rate, the whole state of the country was one of expectancy on the one hand, and depression and uncertainty on the other. The Government did not profess to take credit to themselves for changes beyond their influence; it might well, however, become him to congratulate the House, the Committee, and the country on the fact that they now met Parliament only a few months after the period of this uncertainty, with almost an entire change in these respects. We had to congratulate our neighbors of the United States on the termination of their civil war, and upon their return to the habits of peace, with an infinitely less disturbance of their industry and trade than what could have been expected. The American war

occasioned constant surprise, but in no respect greater than in one particular which gave us the greatest pleasure, namely, the sudden restoration of peace over a country that had been convulsed with a most gigantic and destructive war. As to ourselves equally with them had the fears of war been dissipated. We no longer stood in dread of armed bands crossing our frontier to ravage and destroy, or of having to expend large sums of money to send volunteers for the protection of our own people and to prevent raids into the United States. Besides being relieved from those burthens and fears, we found most happily an improved feeling towards us growing up in the American mind. [Hear, hear.] He thought that good feeling was increasing rapidly, and that the irritation which our neighbors felt towards us—not so much on our account as on that of Great Britain, but which was reflected upon us—was disappearing quickly. He thought the Americans were beginning to see that the Government and people of this country had discharged their duties towards them, under circumstances of great difficulty, with a degree of honesty and straightforwardness which, he believed, they would see and appreciate fully in the time to come. He believed they would see that no step our Government could have taken to prevent the outrages and losses which had been inflicted upon them had been omitted; that with our limited revenue we did all we could to preserve peace upon our borders with our neighbors; and we were now able to find an acknowledgment on their part in published despatches that we had done our duty in this matter. When that came to be generally recognized by the American people he believed the irritation arising from the hostile acts complained of would be entirely removed, that we would be separated from any responsibility for those unfortunate acts, and that the Americans would recognize that they owed us gratitude and thanks for the way we had performed our duties throughout the late conflict, when a different course on our part would have entailed upon them serious difficulties and losses. Then in regard to the state of feeling in England, he thought it would not be denied that there had been a manifest change in the ideas of the people there, and that the class of politicians who looked upon the colonies as a burden instead of an advantage to the mother-country was no longer leading public opinion, but that the time had again come when England regarded her colonies as a main source of her greatness, and that her proper policy was to consolidate and unite them more closely with herself, as in this position she would be able to stand the brunt of any attack or any difficulties to which she might hereafter be subjected. [Cheers.] He believed, further, that England considered that the feeling of Canada was one she might fully depend upon, should danger ever come. [Hear, hear.] With regard to Confederation, he need only refer to the despatches before the House, which fully answered the boast of the hon. member for Chateauguay, that he shook it had

Hon. Mr. GALT thought that the complete sanction given the scheme of uniting the colonies, not only by the Imperial Government, but by the people of England, and the unmistakable way in which it had been mentioned in the Address from the Throne, was an answer to the taunt of the failure of Confederation. He thought we did, therefore, stand in a widely different position from that occupied in March last when one of the Lower Provinces pronounced against the scheme, and when we were quite uncertain as to the view England would take upon it, or as to her future policy thereon.

Hon. Mr. HOLTON—Yes, the policy of coercion.

Hon. Mr. GALT—The coercion was that kind of coercion the mother country was entitled to exercise in exchange for the burden of defence of the colonies. It was the kind she could fairly exercise, and not the kind which was exercised in Canada in time past. [Hear, hear from Hon. Mr. Holton.] The Imperial Government was burdened with the expense of defending these colonies, and if she was to be considered as coercing us in expressing the opinion that the Union would help us and promote the work of defence, then he maintained that was a coercion she was fully entitled to exert. But the coercion the member for Chateauguay meant to insinuate as being exercised was not an appeal to the reason, loyalty or interest of our fellow-colonists, but an interference with their rights and privileges and a use of stern compulsion—

Hon. Mr. HOLTON—That is not the compulsion of the Imperial Government, but that you wish for.

Hon. Mr. GALT said we did not desire to exert any such influence, but one that would make them go heart and hand with us, and do everything for the common good. We desired to appeal to their interest and patriotism, believing that in so doing we were using the strongest kind of coercion. (Cheers.) He would not have referred to this subject but for the interruption of the hon. member for Chateauguay. He was going to remark that in addition to peace being restored and the dread of war removed, there was a prospect—which he believed was now stronger than ever—of the union of these Provinces being accomplished. (Cheers.) Instead of having a feeling of want of reliance on the Colonial system in England, we found the contrary was now the case. Besides we in Canada itself had to thank Providence for having given us an abundant harvest, and we might certainly look to this to restore general prosperity. The people having suffered from bad harvests, and the fear of an interruption of industry by war, were now being reassured, and these disadvantages no longer existing—we might well hope that peace and contentment would overpread the land. [Cheers.]

Mr. GALT concluded by moving—That in addition to the stamp duties now levied there be hereafter levied on every promissory note of \$25 and under one cent, and on every promissory note of \$50 and under two cents, and on

