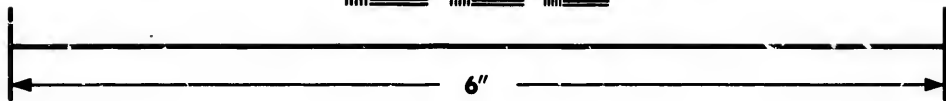
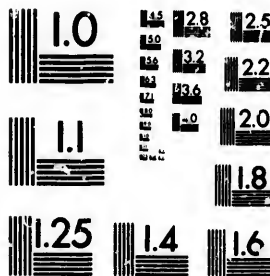


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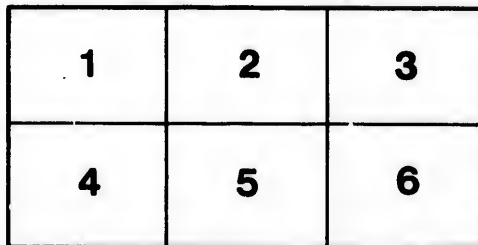
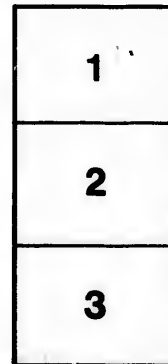
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S P E E C H

OF

THE HONORABLE A. T. GALT,

MINISTER OF FINANCE,

O N S U P P L Y .

IN COMMITTEE OF THE WHOLE.

DELIVERED IN QUEBEC, 29th AUGUST, 1865.

HAMILTON:

PRINTED AND PUBLISHED BY T. & R. WHITE, AT THE 'SPECTATOR' OFFICE.

1865.

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THE HON. A. T. GALT'S SPEECH ON SUPPLY,

Delivered at QUEBEC, 29th August, 1865.

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 labors and industry of the country, and to 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 not merely of twelve months, but he might say of eighteen months. During that time we had seen some important changes affecting the condition of the Province. At the commencement of that period the neighboring country, the United States was convulsed by the greatest civil war the world ever seen; a war which interfered not only with its industry but also with our own, and it would be interesting to observe what its destructive effect on ourselves had been here. Before considering the effect, however, he would state what had been the extent of our import and export trade. The imports of that half year, ending June, 1864, amounted to \$23,882,000, of which coin and bullion amounted to \$2476,000. So that imports, exclusive of coin, were \$21,406,000; the exports for that same period were \$13,883,000, less coin imported \$704,000, leaving as the balance \$13,179,000. The total imports and exports for these six months were, therefore \$34,585,000. It should be observed that during this period the imports largely exceeded the exports.— Whether they had affected the subsequent revenue of the country he was not prepared to say. The probability was that the excess had exercised an influence on the condition of trade during the next few months. The imports for the year just closed, ending June 30th, 1865, were \$44,620,000, less coin \$4,768,000, leaving as the value of ordinary imports \$39,852,000. During the same year the exports were \$42,481,000, less coin \$1,688,000, leaving a balance of \$40,792,000. The total trade had thus been \$80,644,000. He was happy to observe that while, during the first half of the year, the exports had not equalled the imports, during the second half there had been an excess of nearly half a million. (Hear.) If we consider 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 better. It was satisfactory to note that our trade had been maintained at about the same volume as before.— He would now proceed to the revenue and expenditure of the country for the period which is past; before doing so he thought it necessary to refer to the remarks which he had the honour to address to 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 July 1st 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 which was adopted, there must necessarily be more or less 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 expenditures now brought down was an abstract for the 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 in the hands of 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 financial year, he had however, prepared an abstract of the expenditure and income, which he presumed was in the hands of every member of the committee. He then proceeded to submit to the House a statement of the revenue and expenditure of the country during the six months, and during the twelve months treating them collectively, and he proposed to refer to the estimates submitted in May, 1864, so that the committee might judge in the cases where they had been to some extent exceeded, the reason 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 June 30, 1864. The estimated income was \$4,774,000, the actual receipts \$5,464,000, the excess being \$690,000. For the year ending 30th June, 1865, the estimated income was \$10,663,000, the actual receipts \$10,528,000, the receipts for the year being less than estimated by \$135,000, the total excess of estimates over income was therefore \$535,000, but it was his duty to draw 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 amounting to \$185,683. There was another point to which he would 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 for years to approach as near 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; \$65,000 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, \$185,000, and of expenditure on Penitentiary \$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 \$100,520. It appears, 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 the estimates to amount to \$555,000 he would find it necessary to deduct the amount of duties refunded, and expenditure of the Provincial Penitentiary, leaving an actual excess of \$296,319 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 \$5,221,000. The actual outlay which took place was \$4,930,000; the estimates for the whole year amounted to \$10,486,000, and the actual outlay to \$11,541,600, making an excess of expenditure over estimates of \$1,055,600, or deducting

the receipts which appeared also on the other side of the account, the refunding and loss on discounts to \$475,000. This excess had been caused by disbursements connected with militia and police on the frontier, and also an amount necessary for making a sum good of which the St. Alban's 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 results, and would give Committee results as compared with estimates. Expenditure for half year, \$4,991,425; for year, \$11,541,326; total, \$16,532,754. Income for half year, \$5,464,009; for year, \$10,527,932; total, \$15,991,941. Deficiency, as compared with outlay, \$540,823; against estimated deficiency for 18 months of \$272,000—difference, \$268,823. In referring to deficiency of \$540,823 he thought he was warranted in drawing the attention of the committee to the fact that, included in that, are two items that could scarcely be considered as belonging to ordinary expenditure. He referred, in the first place, to the Sinking Fund and payment to the Grand Trunk for postal services of \$101,220, that sum being a debt which was owing. These two amounted to \$442,758; and if we consider these as apart from ordinary expenditure of the country, it would reduce the deficiency to \$98,065. Under expenditure were included items not contemplated by the country or House at the beginning of the year, namely, that already mentioned for 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 to be provided for, and would refer first to the balances:—There were on the 1st January, 1865, \$2,603,840; 1st July, 1865, \$3,440,571, increase \$836,731; we paid off \$467,456; sold \$6,617,538; took from balance \$39,998, leaving \$540,823 as the difference between income and total outlay. In estimating the expenditure on this occasion everything was brought in up to 30th June; no items were allowed to stand over, the whole comes in within the financial year. It was well to know that the total result comprehends all the income of the country up to the 30th June. He thought he might congratulate the Committee and the Country that, notwithstanding that we had sustained a most serious falling off in customs revenue, 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 would first propose to take up questions of estimated income of the country. The principles we had endeavoured to carry out in submitting those estimates, had been to form a reasonable and moderate view of what was likely to be the

of the country for the coming year, and endeavour 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, in consequence of principle, that the government were endeavouring to carry out, in this matter, and it was his duty to give the committee the grounds upon which the estimates of income were based. He would first revert to what had been the principal sources of income in this country—the Customs duties—and would repeat the statement of the Atty.-General East, that it was not the intention of the government to propose any alteration in those duties. It was true there were items connected with the rates of duties imposed under the present Customs Act which 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 looking at the fact that we would have to consider conjointly with our sister Provinces an assimilation of our customs and excise duties, he thought it would not have been wise for Government to disturb existing rates. Those duties had now been in operation for 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 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, Abstract of Expenditure and Income up to 31st December last, from which it appeared, that Customs duties for the whole of 1864 amounted to \$6,666,000. On comparison of the imports of the present year, from 1st January, up to 1st of July with those for corresponding period of 1864, it would be observed that very considerable falling off took place, amounting to \$940,376, this loss had fallen on the year just closed. We had next to consider what we might fairly estimate Custom 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, bad harvest, and second, to which the decline might be more immediately attributed, the feeling of insecurity and depression existing in the country, and which prevented the merchants from making their ordinary importations of goods. He had consulted the Government Collector at Quebec, Montreal, Kingston, Toronto, Hamilton and London, which collect nineteen-twentieths of the whole imports of the country, and had obtained information as to views

of merchants generally in regard to fall trade, and in view of an abundant harvest which it had pleased Providence to grant the country, and the low estimate of stocks of goods existing in all parts of the country, and the universal report received as regards the stock of groceries, which yield a large proportion of our revenue, tea sugar, &c., it was expected there would be much larger importations this fall than 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 fully equal those of past periods. As to the spring trade, the estimate was more conjectural, but opinions seem to be that the importations of next spring would be much larger than this and previous years. He believed the sources of income to which he had turned attention, were most likely to guide us correctly in estimating the revenue from customs, and when we found the revenue from customs last year reaching \$5,661,000, speaking of the fiscal year ending June 30, 1865, the whole tenor of the reports received was indicative of there being considerable increase in that trade. He proposed now to take an estimate of Customs for 1864, as from 1st June 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 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, covering the fall and spring trade.

He thought he might mention, in reference to this subject, that although the fiscal year was not far advanced, yet he already began to find that the customs revenue was reviving. In proof of which he would give the House a statement of the receipts from customs for that of the corresponding periods of 1863, 1864 and 1865. The receipts of 1864, he must however remark were the largest that had ever been received in the same period.—The revenue from customs from July 1st to August 26th, were, in 1863, \$936,000, 1864, \$1,254,000, 1865 \$939,000; 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. He might also take the opportunity of stating though the figure belonged more properly to the next part of his remarks, that the receipts from excise have been \$83,414, for the same period eight weeks 1864, and \$250,371 in 1865. He therefore thought the estimate that the Government had formed of those receipts from customs was likely to be a safe one, viz.: that they would only be \$1,500,000 less than in the estimates of 1864 notwithstanding the loss

of nearly \$1,000,000 on a comparison with the first six months of the fiscal year now closed. With reference to the excise he proposed to estimate the receipts from licenses \$65,000. They might be a little less or more, but they would not vary much from the figures of the table. With reference to spirits, the receipts last year were 30 cents per gallon on 3,000,000 gallons, the exact sum being \$891,000. The estimate had been based on an expected distillation of 3,200,000 gallons but duty had been received on 2,000,000 only.— In forming the estimates for the current year the Government have reference to what has been 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 have 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 in estimation gone on a basis of 3,250,000 gallons. 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. Next, 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 realized. Under these adverse circumstances the revenue collected during the fiscal year had been \$115,500, but he ought to state that in addition to this there was a duty accruing in tobacco in warehouses of \$751,800, all this might not be received, because some of the tobacco might be exported and thus not pay the duty, but this was the amount dutiable on July 1st. 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 pounds, before the American war there was a large import of manufactured tobacco, during the war the import of manufactured

tobacco fell off very much, while that of un-manufactured tobacco largely increased, so much that it amounted in one year to 15,000,000 lbs., a large proportion of that had been consumed in the country, though 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, and the consumption could not put it down at much less than five or six millions pounds; but in practice it was found that the law was not perhaps stringent enough; frauds were successfully committed. It was better therefore to make a low estimate, and he accordingly put down the consumption of tobacco for the current year at 3½ millions pounds, yielding \$350,000. The receipts on tobacco this year since 1st July indicate 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, in as much as the stock of tobacco in the country was gradually becoming less, and consumers would object to purchase that which had been subjected to excise duty. These four items, licenses and excise on spirits, beer and tobacco would give altogether \$1,550,500. 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 materially told on the postal receipts, and we might surely estimate some addition under that head. He had 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 as regards the tolls, was the policy adopted at the time the President of the Council joined the Government, and that like some other questions was felt to be entirely subordinate to the general point of settling the constitutional difficulties of the country. He (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, he believed the President of the Council equally held to his expressed views. When he (Galt) came into office the tolls had been reimposed by the Hon. friend behind him (Howland), and maintained by the Hon. friend opposite (Holton.) They were afterwards slightly modified by himself (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 or 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 in tolls, which was only half the excess of the previous year over last year. In the previous year the receipts were upwards of \$500,000 last year, \$695,000. For this year he took the medium between those amounts, \$600,000, and he had every confidence the estimate would justify the result. The estimate for Ocean postal was an average of the last two or three years—\$70,000. The territorial income last year was \$830,000; but it included what was a considerable payment from the Canadian Land and Emigration Company, which bought a large portion of land in the district between Lake Huron and Ottawa, and completed their payment of a sum of nearly \$200,000 in the past year. We could not presume on an equal sum this year. And there was a reduction therefore in estimates of the current year of \$180,000. It was estimated we would receive \$650,000 instead of \$830,000. 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 of this however. In the receipts of the present year stamps yielded \$119,000 during the fiscal year just closed—somewhat more than the estimate—the data then were exceedingly imperfect. The returns obtained from the Banks gave an estimate of \$80,000, and he had estimated 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, two cents on \$50 and under, three 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 reuse of stamps not thoroughly defaced, taken off the notes. While on the subject of excise he might remark it was also his intention to in-

troduce 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 revenue was considerably augmented—as they had been from 5 to 30 per cent within a few years. That the temptations to commit fraud were so much increased, the 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.) 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 funds formerly existing in Upper and Lower Canada. He would read the figures showing the state of the various funds 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 \$68,000; the average receipts for the previous three years having been \$52,000 shows 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; showing 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 collection under Municipal Loan fund formed the principal items, while with these there was a variety of minor sources of income which produced altogether in the year 1864-'65 the sum of \$1,670,000. 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 the Government were adopting with a view of creating a greater check upon the public expenditure. There was no doubt we 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 any 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 systems of other countries. Under the principle of audit account the authority of Parliament was required for every expenditure, and so far it was perfectly good and carefully carried out. To that extent the 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 be afterwards expended, appropriations, as for Ottawa buildings, 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 all, that the disbursing officers of the government throughout the country should make monthly returns to the Government of sums they intended 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 demand has often to be met unexpectedly, and at inconvenient periods. While speaking of this he might say the time at which the payments of Province matured was somewhat inconvenient, the 1st of January and the 1st of July, especially the 1st of July. At these periods the Government had not only to provide for interest on the public debt, but also for distribution of the municipalities' money, the Educational grants to Upper Canada 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 to him, to spread disbursements in the year, but to make them due at a more convenient period. 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 \$1,400,000 sterling, and the Government held that amount of Indian 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 on charges on public debt was \$3,890,000, including Sinking Fund, charges employed under head of Civil Government, were all included in estimate already in the hands of members and amounts to \$4,633,000. A good deal was provided for by stipulation, and was therefore not shown in estimate in members hands. It was proposed to expend for militia during the past year \$500,000,

which could be more fully explained by Minister of Militia on Thursday next. In regard to public Works building at Ottawa, and completion of enlargement of Welland Canal it was expected the total outlay the Board of Works would be \$600,000, collection of revenue was put down at \$1,350,000, that included refund which if included on one side as revenue had to be included on other, as expenditures, these amounted to \$100,000, aggregate of these outlays exclusive of redeeming public debt was \$11,074,000 against income of \$11,186,000, leaving a surplus of \$62,000. In regard to it Government had exercised every economy, there was not a doubt that in a country like Canada, increasing so rapidly there must necessary be a gradual increase in cost of Government. It was impossible to govern 3,000,000 for same as two millions, alluded specially to the great influx from the States during late years, causing an increase of population, very troublesome and expensive to us. Government was obliged to provide for a good many sources of expenditure which perhaps were omitted before, but which could not now appear in unprovided items, expenditure on them had ceased and might not again arise. They asked for appropriations under that belief, and the determination of the government was to exercise every economy in the expenditure of sums which Parliament might place at its disposal, and it 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 at the Toronto Lunatic Asylum; \$25,000 would be expended on that up to the 1st June next, on commencement of two wings. 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 Bank of Montreal for sums of money obtained from that institution. Balances due to the London Agent had been considerably reduced since January, 1864. On the other hand government had obtained temporary assistance from the Bank of Montreal to the extent of \$1,262,000. At the commencement of the new year government had arranged and paid off \$250,000; 7 per cent was the rate, while that of the London Agents, 5 per cent. With regard to these balances, the government had not proposed to ask the House to make any final provisions; 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 over these till January 1st; government would not like to sell their securities at their present rates for the purpose of covering this, and the credit of the country would very speedily improve; they had indications of that already, and there could be no doubt, now that peace

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had been restored in the States, that confidence in our securities would rise to their former rate. Government would exercise authority under the supply bill of last year in reference to the issue of debentures, but only on some more favourable opportunity arising for placing the debentures in the market. Without going further at length into the subjects treated of, he would feel it his duty to answer any questions which might be submitted respecting them, to give the fullest information required. He would now advert at some short length to our present relations towards the United States, and what he might term our foreign trade. He thought the committee would agree that the Reciprocity Treaty might possibly expire on the 15th of March next, under terms of the notice given, and it would be felt that in anything he said as to the position of the country during the current year, this would be regarded by the committee, if he omitted to notice a cause that might prove one of serious disturbance to our trade and seriously effect the conclusions to which he had arrived, and it would be considered, if he took his seat without adverting in some degree to the position of our trade with the United States, and generally to what we hoped to be the result of the negotiations with that country, as also to throw out such suggestions as might be useful, that he would be acting within the discharge of his duty. Our trade with the United States consists of two kinds, one was independent of the Reciprocity Treaty altogether, and the other that existing under it, so 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 and that which created the greatest apprehensions in the minds of our people was the belief that we are, to a very large extent dependent on them for a market for our produce. He would not desire to diminish or derogate from the importance of trade enjoyed with that country. It was impossible that two kindred nations, speaking the same language, actuated by the same feelings, could exist alongside each other without having intimate commercial relations and intercourse, and it was evident it could not be interfered with by either nation without seriously injuring both: but while he acknowledges the importance of the treaty 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 probable, of that treaty being abrogated in March next, it was desirable for the House and country to look somewhat into the condition of the trade as it now exists, and into the reasons which induce us to believe that it would be continued and extended on the one hand, 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 U. S. since 1850, but would not now go into all the figures. He would merely advert to what that trade has been for some time past, beginning with 1860. The imports from the United States for 1860 were \$17,250,000; 1861, \$21,000,000; 1862, \$25,000,000; 1863, 23,000,000; and in half of 1864, \$8,000,000; fiscal year 1864 and '65, nearly \$15,000,000. This was in proportion to our whole imports—50, 49, 52, 50, 37 and 37 per cent respectively, so that for the last 18 months our import trade with the United States has been 37 per cent of our whole import trade as respects all nations. Well, our export trade with the United States for 1860 amounted to \$18,500,000; for 1861, \$14,500,000; for 1862, \$175,000,000; for 1863, \$22,500,000; July of 1864, \$7,000,000; fiscal year of 1864 and '65, \$24,000,000. The relative proportion this trade bore to our whole export trade was thus shown—53, 35, 50, 54, 54 and 59 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 1864, '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 present state of the supply in the United States market. It would be found he thought that the obtaining of the lumber from Canada was quite as essential to the consumers in the United States, as it was to ourselves. He might advert to the average price of lumber, as including this the prices were raised from seven dollars to seven dollars and fifty cents per 1,000 feet to eight dollars in 1859; nine dollars in 1860 to nine dollars and fifty cents in 1861; nine dollars and seventy-five cents in 1862; and ten dollars in 1863. Now the districts from which the United States obtained their supply of lumber, exclusive of Canada was the State of Maine, some portions of the Western States—Michigan and the States bordering on the upper waters of lake Michigan and Superior and the Southern States; the trade of the Southern States had of course been completely stopped for several years past, which had given vitality to the trade here, we being called upon to supply them with ship-building timber to a large extent during the rebellion, but that part 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 North eastern 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 cannot at present be brought on account of the distance, or they will 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 material used in their houses and ships, but they could only do so at the expense of the consuming 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 products of the article within their own country. There will 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. The exports of the next class, animals, and their products, reached a very large and exceptional amount in 1864 and 1865. In that year there were no less than \$1,800,000 worth of horses, and \$1,761,000 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 \$1,397,000, in 1862 to \$1,262,000, and in '64 '65 to \$3,367,000, being an enormous and exceptional amount of exports in that year, and one which we could not reasonably expect to continue, now that the cause to which it could be traced had been removed. It was clear that being compelled to come to Canada for this large supply if they had put duty on it, they would have had to pay it themselves. As regarded oats, we had only exported to the United States one half of what we imported. The exports amounted to \$484,000; the effect of their imposing a duty would be, that instead of our exporting to them \$484,000 and importing \$876,000 worth of beef, bacon and pork, chiefly pork, for our lumbering establishments, our lumberers would get their supplies from our farmers, instead of buying western pork; of butter and cheese the exports and imports were about alike in amount but with the singular difference that we exported 320,500 dollars worth of butter to them and they exported 306,000 dollars worth of cheese to us. Our exports of wool was considerable, and was growing;

last year it amounted to 135,000 dollars, against an import of \$176,000. The description of wool we exported to the United States was essential to their manufactures, and they took it from us because they could not get a better article, or one more suitable for their purpose any where else. If they impose a duty so as to exclude our wool, they would have either to change their mode of manufacture or to find what would answer their purpose in some other part of the world. Of other products of animals, there was an import of \$814,000 against an export of \$391,000.

With respect to agricultural productions, the trade naturally consisting in wheat and flour, the prices of which are governed by the consumption of the European market, and in coarse grain, 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, the American market did not consume these articles; the United States exported to the Maritime Provinces 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 well 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 with 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 difficulty of competing with 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 to enter again 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 800,000 dollars worth of Indian corn. 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 purchase our barley, which was better than they could grow themselves, well they would have to use their own corn instead. The Americans now grew corn cheaper and better than we, while we grow barley cheaper and better than they. To interfere with the exchange would be inconvenient 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. (Cheers.) There were others effected; he would not detain the Committee long by an extended reference to them. The produce of the mine was not an important interest as yet, though it was a growing one, and if we had not free access to the American markets for our ores, we should lose the advantages 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 its 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 might force our trade in minerals into a different channel, they could not prevent us from raising our ores out of the earth and disposing of them abroad. (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 \$89,000, while the imports were \$275,000. 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 noticing, that we had exported last year \$460,000 worth of manufactures 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 in the American market, even after paying the 40 or 45 per cent duty to which they were there 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.) 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, \$4000,000; animals, \$1,500,000. The trade in animals was much larger last year. But this about the average. Thus, a balance of about ten and a half 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 productions of this country. He would not repeat any of the argu-

ments with respect to each article, but 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 their interest to impose duties on our products, but if they did they would not merely increase the cost of every one of those articles received in their own country, but they would have themselves to pay the duty on the supplies they obtained from abroad, essential for their consumption (here.) He might further say in reference to this trade of ten million dollars, that it was certainly very important. Still if we were compelled by circumstances to look at the possibility of its being denied 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 Provinces. Here we ought not to conclude that because say five per cent of our exports went to the United States, 25 per cent to the industry of the Province would be paralyzed if they did not go there. Here the result would be the change that would have to be made in a certain amount of the productive labor of the country. Labor hindered unceremoniously in one direction would be productive in another, it was so in manufacturing purposes, it would be so in others, apart from the derangement of commercial transactions which would undoubtedly be a source of annoyance the 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 the market, but 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 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 again. In this connection he must remark that when a gentleman occupying the position of the chief of the representative of the commercial interests of the United States in Canada asserted that the loss of free trade with them will affect our allegiance, he showed a most lamentable ignorance of the state of that trade and of the country. (Hear.) He (Mr. Galt) could not think such views were sanctioned by the authorities to whom that gentleman was responsible. To do away with any such views as he pressed was essential, we should have it clearly and perfectly understood that we are not so dependent on this Treaty as was supposed. A political question was quite distinct from the

commercial one. The Americans said themselves that they desired us to be on such terms with them, that more commercial intercourse would follow. They did not desire a suspension of trade with us. If then we could shew them that the trade was not of such magnitude as 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—the re-establishment of intimate trade relations. (Hear, hear.) Again it was clear another class of people we had to meet was honestly convinced that the trade under the treaty was 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 to retain it. Now, it was not a good way to enter into a bargain with the United States by laying down our hands and saying, we must concede every thing 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 declared they were not 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 assurance with regard to the use of those canals, also to alter our customs and other duties in the sense which they thought would be more advantageous to the 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 ask them if they did not desire an absolute suspension of commercial intercourse to tell us the points which, in their opinion, demanded modification. Now, if 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 have not trade ourselves which requires such enlargement. No trade which of itself would justify us in enlarging these Canals; we could only be repaid for such improvements by obtaining American trade and making it pay tolls or otherwise contribute to our revenue. If then, the Americans don't 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 rates of tolls 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 ought very fairly to refer to some points which require 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 should be identical with those of this country, but we should have to consider whether the facilities we were asked to furnish the North-west for reaching foreign markets were not of such value as to justify us in asking that our vessels should be admitted to a participation in their coasting trade. 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 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 back again.

A VOICE—They can't do it.

Mr. GALT—Another point was this. It would be quite plain to any one who looked at what was passing in the United States that the question of their revenue had a most important bearing on our commercial relation with them. That country could not maintain very high duties in 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 it 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 into the U. S. 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 prevent an 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 please, and let them have the duties they liked. (Hear, hear.) He would now leave the question of our trade with the United States, and would like to be permitted to occupy the attention

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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 the articles they might have obtained from us, which have 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, 1861, we imported \$511,570. Our exports have increased, during the same time, from \$723,534 to \$1,065,507, 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 trade with the West Indies we had formerly enjoyed.

The exports to the Maritime Provinces had risen from \$723,000 in 1860 to \$1,065,000 in 1865; and to West Indies from nil 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 were beginning to assume somewhat considerable dimensions. This was particularly the case as regarded Cuba; and he found that the value of articles imported from the foreign West Indies in 1864 was no less than \$1,480,000, of which there had come by way of the St. Lawrence \$255,000, by way of United States \$660,000, and Nova Scotia \$126,000. 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 imports trade of Canada from foreign countries, except the United States, was only \$905,000, and in 1865, notwithstanding depressing influences of the American war, it had risen to \$3,274,000, or an increase of nearly four fold in that short period. (Hear, hear.) It now amounted to 8 per cent of our total exports of only 2½ per cent. It was gratifying to the Government, and he was certain was also gratifying to the House and country to know at a time when we were threatened with interruption of trade 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 by instructions from Imperial Government representatives of the different Provincial Governments would meet in this city during September next. It was peculiarly happy at this moment such a meeting as this 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 undertook to enter into negotiations for a 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 this trade of the maritime Provinces with Canada, that it is most important that this meeting should be held, and that a common understanding be arrived at by the representatives of the different Governments. He did not apprehend there would be the slightest difficulty in coming to an agreement on either one point or the other. The Canadian Government did not desire to engross the negotiations that might take place respecting the treaty. If they stood one they must consider the interests of the maritime provinces as their own, but on this occasion they would have those interests represented by gentlemen from the governments of those provinces themselves, and they would have the advantage of obtaining from those gentlemen information on points relating to those interests, and by this means he did not doubt they would be able to unite in placing before the Government at Washington the united views of those Governments of the Colonies, in reference to the 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 anticipations, that the American Government will enter into negotiations for the renewal of the treaty, then it would become more than necessary, that an understanding should be had with the Maritime Provinces in reference to the future of our treaty, it would become necessary with regard to supplies now obtained from the United States, with our means of transporting the production by 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 secure 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 the meeting would have results even beyond them. He did not refer now to political results, but to commercial simply; and he thought that they would be able by

putting their views and actions 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 be very considerably developed 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 British Provinces had been extended the privileges of commercial treaty between France and England under which our ships and lumber were admitted into France on the same footing as into England. The 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 its extensive trade had been growing up with France, amounted yearly to about three quarters million dollars. The meeting might be instrumental in obtaining a similar favor 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 for referring for a few moments to the position in which the House now met from that under which they had last separated for several months. Before the House arose we had been suffering in common with the neighbouring country from the vast civil war then raging, and which had not approached that period when any one would prophecy its termination. It had produced among other lamentable causes a very great and increasing degree of bitterness between that great country and ourselves. At that moment we were suffering not only from the direct effect of the United States, but also from a feeling of insecurity which sprung out of it, and out of irritation in the American mind against this country in consequence of the raids that had taken place on the frontier. Consequently we were suffering not only from the depression produced by the war, but from the fear of hostilities extending to ourselves also.—Every one would remember that from 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 on other people as on the Government. The irritation in the United States had given rise to a hostile commercial

policy towards this country, we had been subject to all the annoyance of the passport system unknown on this continent before our trade with the United States had been subjected to greater (if possible) inconveniences by the American 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 a bad harvest, which was considerably below the average, and the country, from all these causes, was in a generally depressed state; politically a very serious check had been given to the policy to which the Government, with the sanction of a large majority in the House and country had endeavoured to carry out successfully, the policy of Confederation. They received a check to that policy to which they looked for an end to our sectional differences, by the result of the elections in New Brunswick. At the same time instead of having the support and encouragement of English public opinion, we had that opinion, to a great extent, against us. Those who advocated a change in the Colonial system, and a severance of the tie which bound the Colonies to the mother country, had got hold, to a great extent, of the public mind in England, and consequently had produced a feeling adverse to Colonies, and which this country had not been accustomed to see prevail in England. Those causes combined had unfortunately produced on the public mind a feeling of insecurity and discouragement, which was productive of 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 one the hand and depression and uncertainty on the other. The government did not propose to take credit to themselves for changes beyond their influence; it might well become him to congratulate the House, the committee and country on the fact that we now meet Parliament only a few months after the period of this uncertainty with almost an entire change in most respects. We had to congratulate our neighbours 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, from the beginning to the end, had certainly earned our surprise, being in one respect greater and one which gave us the greatest pleasure, being the restoration of peace to a country convulsed with a most gigantic and destructive war. As to ourselves equally with them had the fear of war been dissipated. We no longer stood in dread of armed bands crossing over the fron-

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tier to ravage and destroy, or having to expend large sums of money to send volunteers for the defence of that line, and to prevent raids into our own country. 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 relations which our neighbors felt towards us not so much on our own 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 duty towards them under circumstances of great difficulty, with a degree of honesty and straightforwardness which he believed they would see and appreciate fully in time to come. He believed they would see that no step our Government could have taken could be better suited to prevent the outrages and losses which had been inflicted upon them than those adopted; that with limited resources 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 recognised by the American people he believed that the temper arising from hostile acts complained of would be entirely reversed, and that we would be separated from any responsibility for these unfortunate acts, and that the Americans would recognise 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 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 regards her colonies as a great source of her greatness, and that her proper Policy was to consolidate and unite them more closely with herself in this position. She could 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 Chateaugay, that the check it had received in New Brunswick was fatal to the scheme.

Hon. Mr. HOLTON—What is that answer.

Hon. Mr. GALT—Thought that the complete sanction given the scheme of uniting the colonies—not merely 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 enemies 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 as to her policy thereon.

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

Hon. Mr. GALT—The coercion was that kind of coercion that 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 which was exerted in Canada in times past. (Hear, hear, from Holton.) If the Imperial Government was only to be burdened with the expense of defending these colonies, and if she was to be considered as coercing us in expressing the opinion that 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 Chateaugay meant was not an appeal to the person's loyalty or interest of our fellow colonists, but an interference with their rights and privileges and stern compulsion.

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

Hon. Mr. GALT said—We did not desire to exercise such influence, but one that would make them go heart and hand with us and do everything for the common good. We desire to appeal to their interest and patriotism, believing that in so doing we are using the strongest kind of coercion. (Cheers.) He would have referred to this subject before, but for the interruption of the hon. Mr. Holton, member for Chateaugay.—He was going to remark that in addition to peace being restored, and the dread of war removed, there was a prospect that he believed was now stronger than ever of the Union of the Provinces being accomplished. (Cheers.) Instead of having a want of reliance on the Colonial system evidenced in England, he found the contrary was now the case. Besides all that, we in Canada itself had to thank Providence for having given us an abundant harvest. We might certainly look to this to restore general prosperity to the land. We might and must believe that the feeling of the people after having suffered from bad harvests and the fear of an interruption of our trade by war, being

now reassured, and those disadvantages no longer existing, that while their fields were clothed with abundance that peace and contentment would overspread the land. (Cheers.) He believed our farmers might enter on the new financial year with a much greater confidence in the resources of Canada than they had felt for many seasons. They had seen a period of great peril pass, and a settlement of our constitutional difficulties, was fast approaching, and at the same time they would now be trusted find in that abundance with which their fields were

clothed, the reward of their industry, which from some cause or other for two or three years past it had pleased Providence to withhold. The honorable gentleman concluded by moving that in addition to the stamp duties now levied, there be hereafter levied on every promissory note of twenty-five dollars and under, one cent, and on every promissory note of fifty dollars and under two cents, and on every promissory note of one hundred dollars three cents. The honorable gentleman resumed his seat amid loud cheers, having spoken nearly three hours.

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