

\$3,000,000, and in that of New Brunswick of \$1,300,000. It must be evident to the House that, in entering into such a partnership as is proposed, some common basis must be arrived at on which each province must enter into the Confederation. Taking all the engagements, present and future, of Nova Scotia and New Brunswick, it was found that, relatively to their populations, they amounted to about \$25 per head, and this amount, as applied to Canada, would entitle us to enter the union with a debt of \$62,500,000. Some difficulty might have occurred in reducing our debt to this amount had it not been apparent, on examination, that a considerable portion of it was connected with local advances, such as the Municipal Loan Fund, which does not properly belong to the same category as debt contracted in connection with our system of public improvements, and the management of which is intended to be confided to the General Government, but rather partakes of a local character, and should more properly be left in the hands of the local legislatures. It will therefore be found provided in the resolutions, that in assuming for itself, apart from the General Government, the surplus of debt of about five millions (\$5,000,000), the Province of Canada became entitled to withdraw from the general assets all those items which were of a local character, and for which a portion of its debt had been incurred. Had not this means been adopted, it would have been necessary to permit all the Lower Provinces to increase their obligations beyond those for which their legislatures have hitherto had to provide, and bring in larger debts to the Confederation than they will now do, and a most unnecessary and prodigal expenditure of public money would have been the consequence. It was wise, then, to confine the liabilities of the General Government simply to those debts which had been incurred for purposes of general improvement, and to provide locally, in this country, for the assumption of the surplus, together with the assets which had been created by it.

HON. MR. DORION—Do the \$67,263,995, stated as the debt of Canada, include the original seigniorial indemnity given to Upper and Lower Canada, under the Act of 1854?

HON. MR. GALT—Yes; that amount does include the indemnity, and among the arrangements contemplated by the Government, assuming that Confederation does take place, they will submit, for the consideration of this House, a project for the assumption by Lower Canada of the seigniorial indemnity provided

by the Act of 1859, whereby it will be rendered unnecessary to give an equivalent indemnity to Upper Canada, thus saving upwards of three millions of dollars. (Hear, hear.) I would desire again, Mr. SPEAKER, to refer to the position of the Lower Provinces, and to call the attention of the House to the fact that both in the case of Newfoundland and in that of Prince Edward Island, their liabilities are very much less in proportion to the population than those of the three larger provinces; and in order to permit of their entering into the union upon fair terms, it was necessary to provide that they should be allowed to receive from the general exchequer a sum equal to the interest upon the amount of debt which they had not been obliged to contract. By this means provision was in fact made for the maintenance of their local governments, while at the same time a cause of future complaint was removed. (Hear, hear.) It now becomes my duty to submit to the House a statement of the resources which the several provinces propose to bring into the common stock, and I may add that for the purpose of this statement being more readily verified, the financial returns of 1863 have been taken as the standard. From these returns it would appear that the income and expenditure of the several provinces stood in that year as follows: Nova Scotia, with a population of 338,857, had an income of \$1,185,629, her outlay being \$1,072,274; New Brunswick, with a population of 252,047, had an income of \$894,836, and an outlay of \$884,613; Newfoundland, with a population of 130,000, had an income of \$480,000, the outlay being \$479,420; Prince Edward Island, with a population of 80,000, had an income of \$197,384, the outlay being \$171,718. The total revenue of all these colonies amounted to \$2,763,004, and the total expenditure to \$2,608,025—the united surplus over expenditure for 1863 being \$154,979. It will be observed that as regards these provinces their income and expenditure are such that they will enter the Confederation with a financial position in no respect inferior to that of Canada. If an objection were made with respect to any province in regard to its financial position, it would be against Canada. The Lower Provinces have been and are now in a position to meet, from their taxation, all their expenses, and cannot be regarded as bringing any burthen to the people of Canada. It is not necessary for me to say anything in reference to the financial position of Canada in 1863, but it must be gratifying to the House to know that the de-