

a readjustment which will commend itself to all experienced financial men.

Hon. Mr. HAGGART. Will you keep the reserve in cash?

The MINISTER OF FINANCE. The provisions of the Act require that the reserve must be either gold or Canadian debentures bearing the guarantee of the Imperial government which is as good as gold, and we will not depart in any way from that. We will simply change the word from 'twenty' to 'thirty' but the character of the reserve will remain the same.

Hon. Mr. HAGGART. I refer to the reserve for the Savings Bank deposits.

The MINISTER OF FINANCE. Oh, yes; practically I think we will have to make it gold because these guaranteed debentures will gradually run out. But if guaranteed debentures are available they are as good as gold, because they are equivalent to British consols. I think it will probably be found necessary to establish the reserve in gold, for I doubt if we can at all times obtain the guaranteed debentures.

Mr. BORDEN (Halifax). Might I ask the hon. gentleman whether the proposition is this: To issue ten millions worth of Dominion notes upon which there will be a reserve of two and a half millions—that is provided the public ask for it—and if the public do ask for it it is proposed to utilize that money in the creation of a reserve of ten per cent upon the fifty-nine millions of money which has been deposited in the savings banks?

The MINISTER OF FINANCE. Yes.

Mr. BORDEN (Halifax). That will merely mean, borrowing from one class of the public to secure another class.

The MINISTER OF FINANCE. Practically yes. It is a readjustment and not an increase; to use a somewhat famous phrase.

Coming now to the question of the tariff, I have two clauses to propose which will affect the tariff in certain directions, and I shall ask for some amendments to the free list. Of these I shall speak presently. With these exceptions—and they are important exceptions as respects the clauses referred to

—we do not propose any change in the schedule rates of dutiable goods. We are not unmindful of the fact that there has been some agitation for a general revision of the tariff, but we think there is nothing in the present circumstances of the country which calls for this, and there are some strong reasons why any extensive changes in the tariff schedules would be inopportune.

Some hon. MEMBERS. Hear, hear.

Mr. HENDERSON. That is a very mild 'hear, hear.'

Some hon. MEMBERS. We will cheer then.

Some other hon. MEMBERS. How does that suit you for a cheer?

The MINISTER OF FINANCE. The country is prosperous; our manufacturing industries have, on the whole, enjoyed, and are enjoying, great prosperity.

Some hon. MEMBERS. Hear, hear.

The MINISTER OF FINANCE. Where there are exceptions to this rule, it must not be hastily assumed that these exceptions are due to tariff causes. There may be some cases in which that is debatable, but I think it will be found that in many cases where complaint is made, if that complaint is well founded, that the causes of difficulty are not to be found wholly in the tariff. Indeed Sir, the manufacturers themselves who have communicated with us, have rather based their claim for changes, not so much upon the present condition of affairs as upon the probability, as they think, that we shall soon have less prosperous times. I think, Sir, that most of the manufacturers to-day are suffering, not from want of orders, but for lack of sufficient hands and factory space to enable them to supply the demand.

Some hon. MEMBERS. Hear, hear.

The MINISTER OF FINANCE. I am far from saying that there are not exceptions to this, but I think it is not too much to say that subject to some possible exceptions, the general condition not only of the country at large, but of the manufacturing interests of Canada in the main, is highly