The Weekly Mail.

TORONTO, FRIDAY, APRIL 30, 1880.

THE INTERCOLONIAL RAILWAY.

THE discussion which took place the other evening over the estimates for the Intercolonial Railway is of more than ordinary interest to the country. The fact that the estimate of expenditure was nearly half a million less than formerly, was as naturally calculated to rouse the jealousy of the Opposition as it is to excite the approbation of the country. As we pointed out in a previous issue, the Opposition press have been driven to a very singular species of logic, in order to discredit the present administration of the Intercolonial Railway. Seeing that the road is being run with far less men and money than before, and that the annual deficit of the MACKENZIE *régime* is being rapidly effaced, they have resorted to a dodge that was as easy as it was natural under the circumstances. They say—Yes, you may really be saving some money, but you are doing so at the expense of the condition of the road and the rolling stock, both are rapidly running down, and accidents are disgracefully frequent. Now, as to the condition of the road-bed and rolling stock, not an item of proof has yet been produced to show that there has been any deterioration; and as to the accidents there was, as we showed at the time, the most disgraceful exaggeration concerning them. Up to February, when the latest reports were made, the officers in charge of the road reported most confidently of its condition. The accidents were fewer in number and less in value then during many years of the previous *regime*. And at the very time when the Opposition papers were making their loudest cries, the road was carrying its heaviest freights and earning its best revenue. Therefore, the debate of Friday night was opportune. It enabled the Minister of Railways to make statements which add to the interest of the public in the operation of the new regulations, and which are singularly encouraging from every possible point of view. In the year 1878-9 there was a decrease in receipts of $84,847; which was due to the depression in trade in the Lower Provinces, to the shutting down of the iron works, and the consequent stopping of traffic in coal and iron. During the current year the volume of traffic has been encouragingly increased. An improvement has taken place in interprovincial trade, from which considerable benefit is expected to accrue to the road. But the great point at issue between the present and late Ministers is the cost of operation. It is impossible to convince at least the Opposition press (though Mr. MACKENZIE himself shows signs of weakening) that the Intercolonial Railway is being run for less money than before without its being injured by neglect of proper attendance and repairs to road-bed and stock. In the year ending 30th June, 1879, there had indeed been an increase of $198,909; this increase having been incurred in consequence of orders of a previous date for work that may fairly be considered as necessary. The transfer to income account of some items of locomotive expenses which had formerly been charged to capital account, also added much to the expenditure of 1879. As our readers know, a change in management was made just previous to the close of the last financial year; the true effects of which will not be known till the blue-books are distributed next session. The services of 400 men were dispensed with, and some $200,000 saved in operating expenses. During the current year an additional tax upon Ministerial resources was imposed by the purchase of the River du Loup section of the Grand Trunk, thus making the road 840 miles long instead of 714. It was, of course, in a very bad condition indeed, in every way. It was too late to put it in good condition, and so it had to be run over in its old state, which of course became worse, and presented a rough road to travel as compared with the Intercolonial railway proper. This bad stretch of road caused the shaking and subsequent breaking of a greater number of wheels than would otherwise have occurred. The whole rolling stock of the road being driven to this new duty had of course to suffer the consequences. In spite of all this, however, the cost of operating does not show up badly, indeed it shows up brilliantly as compared with the previous *regime*. The cost of operating 714 miles in 1878-9 was, for the eight months ending last March, $1,218,602. The cost for the same eight months in 1879-80, is $1,026,358; or a comparative actual saving, in the eight months, of $192,244. The comparative decrease in the annual deficit on the road is remarkable. The figures of the deficits are as follows:

Statement of working expenses and receipts for eight months ending 28th February in each year:

	1877-8.	1878-9.	1879-80.
Working expenses	$1,189,678	$1,386,999	$1,026,358
Receipts	920,285	890,396	989,478
Deficit	$269,392	$496,603	$36,880

So singular, so almost unexpected and so gratifying a result necessarily gives our Opposition friends a good deal of mental anxiety. If the policy of the Minister is fully carried out to a successful issue (and he and all his officials are pledged in reputation to carry it out) the Opposition will find themselves in rather an awkward fix on this question; since there was so much room for practical economy, it was singular that so theoretically economical a Government as that of Mr. MACKENZIE should not have found it out in five years. That the policy of the present Minister is indeed being successful, the figures we have given will plainly show. Those who look for a decrease in freights, and who have for years been debarred from pressing their views from the manifest bad condition of the finances of the railway, now have the opportunity of at least hoping that the time is coming when the question can be faced without manifest absurdity.

AMERICAN MEAT IN ENGLAND.

THE London *Times* has directed the attention of English farmers to the growth of the American cattle and meat trade. Perhaps the great metropolitan journal put itself to unnecessary trouble. The bucolic John Bull is never at a loss for something to grumble at; it is a Briton's privilege so to do, and he has exercised it unsparingly from 1846 until now. It would appear that the compulsory slaughter of beasts at the port of debarkation has not had any effect upon the importation of live stock. As a check, therefore, upon the American trade, this provision of the Animals' Diseases Act—which was intended to kill two birds with one stone—has proved a failure. Since 1877 the income of live animals has increased no less than 80 per cent. So far from discouraging the foreign cattle trade, every restriction seems to give it an additional stimulus. With the prospect before him of a half or even of a third of the meat supply coming from abroad, the consumer will soon become restive under checks to importation of any sort. It is true that in point of quality the home-grown meat is estimated to be worth at least a penny per pound more than the imported article. Still that superiority cannot long be maintained, when the rapid improvement in American stock-raising is considered. Not only is the breed of foreign cattle growing finer, but the business of rearing them is more extensively engaged in. The *Times* writer says that "the cattle "throughout America are increasing "considerably faster than the population, and there is an annually augmenting surplus for exportation." Such being the case, it is not strange that the English farmer begins to grow uneasy. Until lately there was a strong prejudice against Canadian or American beef and Australian mutton; but both are stubborn facts of the most material kind, and have gradually won their way to popular acceptance. The lesson ought not to be lost in Canada. Our cattle-breeders have for some years past put forth laudable efforts in the way of stock improvement. They and intelligent farmers generally may now, if they will exert themselves, reap not only a periodical harvest, but a regular and certain one. Let our agriculturalists strive to show that Canadian cattle and sheep stand on a higher level than any from the neighbouring Union; let them improve the article, and they cannot fail to reap an unwavering reward. When English journals speak of American cattle and American beef, they seem to forget that the best of both was fed on British soil. Our stock-raisers and exporters may readily assert their superiority by making Canadian cattle known as distinctively such in the home market. We have unlimited pasturage, good breeding stock constantly improving, and there is no reason why this country should not occupy the foremost place in this lucrative and increasingly important trade.

EDITORIAL NOTES.

The Halton *News* notes great activity in the real estate market in and about Glenwilliams. The purchasers, it says, are generally thrifty and industrious mechanics. Purchases of real estate by mechanics during the Mackenzie administration were few and far between.

The Halifax *Herald* would like to see an effort made to collect the vital statistics of the country for one year at least, at the same time the census is taken. "Unfortunately," it says, "we have no proper machinery in Canada for the regular collection of these statistics, but it appears to us that but little trouble would be experienced by the various enumerators in collecting statistics of the births, marriages, and deaths, within their respective districts for one year back. And if such information could be collected, it would form a most valuable addition to our census statistics."

The New York *Bulletin* praises Mr. Blake's Pacific railway resolutions and denounces the action of the Government in soothing words. The other day the Tory journals in England taunted Mr. Gladstone with the fact that the continental press was hostile to the Liberal cause, and he replied that "the best test of a public man's patriotism was the treatment meted out to him by the newspapers of rival nations—if they abused him, it might fairly be assumed that he was his country's friend; whereas if they applauded him, it was safe to say he was, in effect, their ally and instrument."

The Montreal *Witness* notes that the sale of Canadian butter is injured abroad by the use of Canadian salt in its preparation. It does not understand why this should be the case, as Canadian salt is the purest in the world. Authorities in the butter trade say that the defect is the presence of lime, but a recent analysis of different salts, the figures of which are given, shows that Canadian salt is absolutely free from chloride of lime, and freer from sulphate of lime and chloride of magnesia than any of the brands of English salt, so strongly recommended on account of their supposed purity. The reason why the English salts are preferred for this purpose, evidently does not lie in their superior purity.

The customs returns for the port of Winnipeg prove conclusively not merely the rapid growth of that city and the Province of which it is the commercial centre, but the advantages of the N.P. in securing to the older provinces of the Dominion a trade which would otherwise have fallen into American hands. During the quarter ending March 31st the Canadian goods imported amount, valued at $702,351 as against $215,722 for the corresponding period of last year. The increase in the importation of foreign goods was, of course, considerable, being $44,595, but relatively less than one-tenth of the increase in the value of Canadian goods brought in, amounting to $486,609.

The Ottawa *Free Press* says "thousands are leaving the country, while those who remain protest on every opportunity against the abominations of the tariff and the iniquity of financial recklessness which marks every step taken by the Ministry." Our contemporary is evidently in a gloomy mood, but if it will examine the returns of the bye elections since September, 1878, it will find, and the discovery will probably lighten its heart, that on the whole the people are well satisfied with both the new tariff and the Government. As for the so-called exodus, will the *Free Press* tell us in what sense emigration from a 30 per cent. to a 45 per cent. tariff is a protest against a protective policy?

A correspondent writes to an exchange concerning the new cereal known as Egyptian corn, which is noted for its capacity for withstanding drought and drying winds. He claims an early acquaintance with it, stating that in 1860 he introduced it into Illinois, whence it is likely it found its way to Kansas. It is very prolific, seven and eight ears growing on a stalk, each kernel enveloped in its own capsule, the ear being pyriform in shape. There is one peculiarity about it, namely, that if grown near Indian corn it quickly loses its own characteristics and its capsular form. As to its fitness for fodder there is no doubt about cattle liking it, for it is extremely juicy, and its yield is greater than any other variety. The writer thinks it might be advantageously grown in Canada, as it would be useful to new settlers owing to the ground requiring but little preparation. The matter should receive attention from our agricultural societies.

The Moncton (N. B.,) *Times* says that Prof. Goldwin Smith's hobby of government without party has been realized in that Province, having been in existence there for twelve years. It regards the conditions of administration there as a standing demonstration of the impracticability of securing political perfection by the banishment of party. It points out that in the absence of party ties Governments have to secure supporters in exchange for patronage by providing bridges and road improvements, by granting railway subsidies and other methods of bartering public money for political support. The result is a system of organized corruption and scandalous bargaining for votes in the House, very different from the ideal condition of things which is inferred by Prof. Goldwin Smith as the result of abolishing political parties. That there are numerous evils in connection with partizan government nobody denies, but reformers who attack this as well other existing systems always lose sight of the obligation they are under to propose equally efficient substitutes. Iconoclasm is always easy, but to supply the vacancies left by destructive criticism acceptably is a much more serious business.

The Winnipeg *Times*, discussing with the Fargo *Argus* the comparative advantages of Manitoba and Dakota, says that it is a fact demonstrated every winter that the blizzards south of the line are more numerous and severe than those in Manitoba. Last winter the Canadian Pembina Branch road was only blocked one day by snow, while the American line was compelled to suspend business for a week. It gives the following table in order to show which point offers the farmer the best market for produce, the quotations being taken from the latest reports in both Fargo and Winnipeg papers:

FARGO.		WINNIPEG.	
Wheat, No. 1	90 to 92c	*Wheat	95c to $1
Oats	45 to 50c	Oats	60 to 65c
Barley	none sold	Barley	60 to 61c
Butter	20 to 30c	Butter	25 to 30c
Eggs	00 to 20c	Eggs	00 to 20c
Cheese	00 to 15c	Cheese	00 to 20c
Potatoes	00 to 60c	Potatoes	75 to 80c
		*$1.10 at the Portage.	

Mr. Mackenzie pledged himself and the country to the Carnarvon terms which involved:—(1.) The construction of the Nanaimo and Esquimalt branch; (2) the pushing on of the surveys on the mainland of British Columbia; (3.) the building of the waggon road and telegraph; (4.) two millions of dollars a year to be the minimum expenditure within the province; (5.) the completion of the whole line from Lake Superior to the Pacific by 1890; then (6.) he entered into a contract for $34,000 for the conveyance of rails for the Yale-Kamloops section; (7.) he called for tenders for that work; and (8.) he announced at a public meeting in the capital that he intended to begin the work "in the spring"—and yet in the face of all this, and of the fact that Lord Dufferin went to British Columbia and in his name reiterated the Carnarvon pledge to the people there, he stands up and says he was never committed to the Yale-Kamloops branch, and that the construction of the whole road will involve us in ruin!

This season's influx of European emigration to this continent promises to be the largest for many years, and the same may be said of the return tide of pleasure travel which has set in heavily from New York. It is estimated that, at the lowest calculation, 30,000 people will leave the United States this year for Europe, and averaging the amount they will spend abroad at $500, the total amount of money taken out of the country by pleasure-seekers and tourists is put at $15,000,000. The rage for European travel was never so prevalent in the United States as it is to-day, and many who are but little acquainted with their own land, seek foreign scenes, which they have neither the natural taste, nor the education to appreciate, because it is the fashion; just as the same class go into affected raptures over Italian Opera, yawning at intervals behind their libretto, and longing for a good comic song. The world is full of shams, and travel, since it became fashionable, contributes its share to the number.

The Montreal *Star* considers that if that city were made a free port, Canadian shipping interests, and especially those of the Maritime Provinces, would be much benefitted. Immense quantities of Canadian coal will be required this season by Montreal and the West, the high rates of ocean freight having practically excluded British coal; and were the charges on sailing vessels in the St. Lawrence reduced the Maritime Province vessels would come in for this carrying trade. In two days a Montreal importer has received orders for 35,000 tons of Canadian coal. "It may not be generally known," says the *Star*, "that most of the 45 vessels which brought sugar to our port last year from the West Indies were owned in Nova Scotia. A great international trade will spring up if these vessels can take grain to England as return cargoes, at a profit. If we reduce canal dues there is every probability they will be able to do so, as most of the grain from the West will reach Montreal instead of New York for final transhipment to Europe."

The State of Massachusetts, which is continually making new experiments in the regulation of the sale of liquor, has passed an Act prohibiting the erection of screens in bar-rooms, the supposition being that the publicity involved will deter many who would not hesitate to drink unobserved. This is the merest child's play. It will be very easy to drive the proverbial coach and six through this enactment by putting up a partition instead of a screen, or glazing the windows or providing an inner room for the accommodation of bibulists. It was the same State, we believe, that legislated against "nine-pins," declaring that game illegal, whereupon the proprietors of the bowling-alleys simply added another pin, called the game "ten-pins" and defied the constable. It is strange that experience seems to teach so little as to the futility of sumptuary legislation, unsupported by the moral sense of the general community.

An article in the Boston *Journal* throws a good deal of light on the character of the Nova Scotia exodus. The *Journal* states that the carpenters of that city recently came to the conclusion to strike for $2.50 per day, but failed to carry out their intention owing to the number of Nova Scotians ready to step into their places. The natives entertain much the same feeling of jealousy towards the Provincials that the Californians do towards Chinese. It is stated that the Nova Scotians are not real carpenters, but have merely picked up the ways of the trade in the loose unsystematic fashion now so prevalent, but the employers are willing to take them on because they will work cheap. "By the time the busy season closes they have money enough saved to take them home and support them for the winter. The great majority of them haven't the least idea of settling down here." This bears out the statements repeatedly made by the Maritime Province press as to the merely temporary character of the exodus. Good workmen have no need to cross the border for employment, and if the other kind can find a few months' work in the States and return in the fall to spend their earnings amongst us, the country is not the loser.

President Hayes.

The validity of Mr. Hayes' title may always be questioned, and his administration criticised, but the payment of one dollar gives a valid title to one bottle of Dr. Pierce's Golden Medical Discovery, and its administration can never be criticised in cases of coughs, colds, incipient consumption, and general debility, for leading physicians of all schools endorse the Discovery and prescribe it in their practice. Sold by druggists.

CHANGED HANDS. — The Arnprior *Chronicle* has been purchased by Mr. John A. Macdonald and Mr. Munn, who, for several years, have occupied responsible positions in the news room and job room of *The Mail*. The readers of the *Chronicle* may depend on getting an attractive and well-conducted journal at the hands and heads of the talented proprietors. Under the new *regime* the *Chronicle* should flourish.

DOMINION PARLIAMENT.

(Continued from Second Page.)

HOUSE OF COMMONS.

OTTAWA, April 26.

BANKING AND CURRENCY.

Sir LEONARD TILLEY moved that the House resolve itself into Committee of the Whole to consider the following resolutions:—

That it is expedient to provide that the amount of Dominion notes issued and outstanding at one time may be increased to twenty millions of dollars, provided that the Finance Minister shall always hold for the redemption of such notes an amount in gold, or gold and Dominion securities guaranteed by the Government of the United Kingdom equal to not less than twenty-five per cent. of the total amount of such notes then outstanding, and that at least fifteen per cent. of the total amount of such outstanding notes shall be so held in gold; and the statements to be published by the Finance Minister under the eighth section of the Act 31 Vict., Chap. 46, shall show distinctly the amount so held by him in gold and guaranteed securities respectively.

He said that under the present law for all Dominion notes issued up to nine millions, the Government required to hold 25 per cent., or $2,250,000 in gold; for all issued beyond $9,000,000, and between that and twelve millions, 50 per cent. of gold, and for all above twelve millions, dollar for dollar in gold. In round numbers the issue at the close of last month was $12,400,000. $2,250,000 was held in gold for the first nine millions, $1,500,000 for the next three millions, and $400,000 for all in excess of twelve millions, making the amount held in gold $4,150,000 against a note issue of $12,400,000. It was proposed by the Government that the law should be amended in the terms of the proposed resolution. The propositions were that the Government might issue notes up to $20,000,000, but nothing beyond that. Under the recent law there was no limit to the issue, but for all notes issued beyond twelve millions, dollar for dollar in gold must be held. It was contemplated in the bill for the issue of twenty millions to increase the circulation at a rate not exceeding four millions a year, that was four millions this year, and the same amount next year, under order-in-Council. It would also be provided that 25 per cent. of whatever sum was in circulation should be held in gold, or in guaranteed Dominion notes, 15 per cent. at least being in gold. The first object of the proposed amendment respecting the issue of Dominion notes was to give the Government and the people some profit in the circulation. As it stood at present, and had remained for several years past, the circulation had run from $10,500,000 to $12,000,000, and now reaches $12,500,000, and that without any effort being made on the part of the Government. $9,500,000 was held by the banks, and $3,000,000 was in circulation by means of one and two-dollar notes. We had 15 per cent. in gold and 10 per cent in securities, and held $3,000,000 in guaranteed securities, in order to relieve a portion of the gold that had been held on deposit. In addition to this, it would be seen by the resolution that debentures were to be issued for the balance of the notes put in circulation beyond what was held in gold. These debentures were to be made available if required, but he did not think it would be necessary to use them, in view of the fact that there had not been a period when the Government did not have in the banks from $3,400,000 to $12,600,000 available, and it was scarcely to be expected that under any circumstances there would be less than $3,000,000 available to meet any demand that might be made upon the Receiver-General for gold. He might say in this connection that last year, though we had eleven and a half millions in circulation, the whole amount required to be redeemed was $1,600,000, the demand for which was met at once. It would be observed by the resolution to be submitted to the House, that after the renewal of the present bank charters, the banks would not be allowed to issue any notes of a lower denomination than five dollars. It would be seen that while under the present law, the banks were bound to hold fifty per cent. of their reserves in Dominion notes, or, at all events, not less than one-third of their reserves in Dominion notes, it was proposed now to increase the minimum from 33⅓ per cent. to 40 per cent. The effect of that would be this: supposing under the operations of this law, the circulation was increased next year to $16,000,000, the result would be that the Government would be required to hold $2,400,000 in gold, and 10 per cent. of the circulation in guaranteed securities, $1,600,000, or $4,000,000 in all. It would then issue $12,000,000 of securities to be held in case of an unusual demand for the redemption of notes. If this law was in operation today with the circulation as at present, instead of holding $4,150,000 in gold for redemption, the Government would hold $1,860,000 in gold, and the balance in guaranteed securities, which would relieve from deposit $2,290,000 in gold. There was no question but that the guaranteed securities could be made available should there be a demand for gold in twenty-four hours. He thought it quite probable that the circulation would not be increased by over $4,000,000 during the next twelve months. That, he thought, would be as much as could be judiciously circulated. Of course, limiting the bank issues to notes of five dollars and multiples of five dollars, would give the Government an opportunity of circulating its notes. But one mode of increasing the Government circulation would be sending, as indicated by the Premier the other day, one dollar notes to the North-West Territory and to British Columbia, for the payment of the Indian annuities. It would be provided that instead of these notes being made redeemable at Halifax, St. John, Montreal and Toronto, they would be made redeemable at Charlottetown, P.E.I., at Winnipeg, after the circulation of Dominion notes had reached $12,000,000, the Government had to hold dollar for dollar for every note in circulation. The practical effect of the proposals would be, in the first place, to give the Government $2,290,000 in gold, which was now lying at Receiver-General's office, and, in the second place, to give the people of the country a fair share of the circulation, a circulation which was secure beyond controversy. At the present moment, our banks had $21,000,000 of circulation; a capital of $60,000,000; deposits, outside of the Government's, of something like $70,000,000; Government deposits, about $11,000,000; and liabilities, $101,000,000, or $102,000,000, against which they held in Dominion notes and gold something like $16,000,000, or sixteen per cent.

Sir RICHARD CARTWRIGHT regretted that the resolutions were not brought down at an earlier period of the session, but, perhaps, that was an advantage, as it was evident that since the Government had taken the subject up, the views of the Finance Minister had been considerably modified by the bankers, who had waited upon him since the opening of the session. There were three objections to the resolutions before the House. The first one was that it was quite clear that the increase in the Government circulation was a step in the direction of the Government taking the entire control of the currency of the country, and that in many countries had resulted in an irredeemable currency for a longer or a shorter period. In the next place it was to be feared in times of depression that a large amount of currency would come back upon the hands of the Finance Minister, who would then be compelled to take measures which would considerably aggravate the commercial crisis. The other objection was that the proposals would diminish the small amount of gold now held in reserve. That he regarded as a very grave objection. At the present moment the banks held very little over $6,700,000 of gold in reserve. While the present laws relating to currency had been in existence the result had been a tendency on the part of the banks to hold less gold and more Dominion notes. That was a dangerous thing, circumstanced as we are. Our position was peculiar. We had a small note circulation and comparatively no specie. In England the smallest note in circulation was five pounds, or $25, and there was always a large amount of gold in circulation. Indeed, it was estimated that there were £60,000,000 or £70,000,000 sterling, or from $300,000,000 to $380,000,000 of our currency. From the year 1873, we entirely ceased to remit sterling exchange to England, except in small amounts, and it was quite clear that as soon as we stopped borrowing in England, we should be under the necessity of obtaining sterling exchange or gold for the purpose of meeting our annual engagements. That being the case, he was afraid great inconveniences would arise from this measure, which would certainly have the effect of diminishing the small stock of gold now held in Canada. At the present moment, with the exception of six or seven millions of gold in the banks, and $3,690,000 held by the Government, there was no gold held by the people of Canada, and what he feared was that the additional issue of eight millions of notes would have the effect of reducing the six or seven millions of gold to an extremely small figure, and of making a further forced drain upon the banks. Now, although the legal tender of the banks was good as between Canadians, it would not pay our foreign indebtedness, and he was afraid the Minister of Finance as this measure developed itself would find himself compelled to pay a great deal more attention to the demands of the market for bullion and exchange than was necessary or convenient now; and in times of commercial stringency, the hon. gentleman would find the Government of the country held responsible for any serious reduction which took place. It was because of this that he (Sir Richard Cartwright) had passed a measure requiring the Department to hold dollar for dollar for all notes issued over twelve millions. He could assure the Minister of Finance that during the general years previous to the adoption of that measure, very considerable inconvenience had arisen by the Government from time to time being forced to find specie. That difficulty would not be diminished, but would be greatly aggravated if the Finance Minister succeeded, as he probably would, in issuing an additional eight millions. Then as to the profit arising to the public out of the circulation of these notes, the hon. gentleman must remember that he had to hold a reserve, that the notes had to be prepared, and that offices must be established at various places for the purpose of circulating them. The cost of all this was considerable, and would make a serious inroad into the expected profits. Compelling the banks, as proposed, to pay certain sums in one and two dollar bills might have the effect of circulating the Government bills, but as to the rest of the proposals regarding the banks, they partook of the nature of a forced loan from the banks out of the small amount of gold they now had. The result would be that the Government would have laid on its shoulders practically the responsibility of providing gold for the banks. He was aware that up to the present time far less inconvenience had arisen from this danger than might have been the case, but what was the cause? The Government had extensive public works going on, and a far larger amount to its credit in the banks than perhaps it ought to have had, and, as a matter of course, it had the banks to a considerable extent under its control. If a bank demanded a large amount of gold, it was quite within the power of the Minister to reduce his balance at that bank and the thing righted itself. But if the balances at the banks were run down to a comparatively small figure, an inconvenience would arise to which the Government had not yet been subject, and that inconvenience would be aggravated by the additional issue. Nor was it unworthy of note, the Government was going further in the way of borrowing money than before. He did not deny the rights of the people to a fair share in the profits of circulation, but as the circulation of the Dominion was twenty-one or twenty-two millions, sixteen millions would be a very large share for the Government to have. In his mind, the proposal to take a share of the profits of the bank was an objectionable one, and, considering the low rate at which money could be borrowed, it would, in his opinion, have been better to obtain money from England than to lay hands on the bank reserves, or on the circulation of the bank to any large extent. He did not think the proposal to make the notes a first lien on the assets of the banks would be so satisfactory as expected. It was calculated to alarm depositors. Knowing that the note-holders had the first lien, he was rather inclined to think that, in times of supposed difficulty, the depositors would change their deposits into notes, which would cause serious inconvenience. However, he did not propose to detain the House on cognate ideas which appertained to the subject.

Mr. WALLACE (South Norfolk) said the advocates of national currency held no such absurd idea as that the people could be made rich by such issue. No man could become rich except by labour and accumulations of labour. Although he regretted the Government had not gone further in the direction they had taken, he still felt like congratulating the Finance Minister and his colleagues on the proposal submitted. (Cheers.) Much was said now-a-days about the waves of depression that swept across the world, making revolutions in commerce, and which waves were said to revolve in cycles. He could not understand that theory. Everything has a cause, and what is the cause of these periodical depressions, and why should they revolve in cycles? He could understand that if a hurricane swept across a continent, destroying property, it was due to natural causes, but he failed to comprehend commercial disasters that appeared without any apparent cause. There must be some cause, and it was the duty of Parliament to ascertain if the revolutions of commerce were attributable to any act of legislation, and, if so, it was the duty of Parliament to remove these wrongs by legislation, for whatever men did men could prevent. If these crises were attributable to legislation, or any cause under man's control, they could be removed. He believed they were in a great measure, if not entirely, due to the false monetary system that ruled in many countries of the world, at least in Great Britain and in this country, where what is known as a good basis exists. The money system was not sufficiently expansive, and did not expand in equal ratio with the industries of the world, and, therefore, credit takes its place, and crises arise from broken credit. The gold basis is a false system. It had in it the element of weakness. The moment industry outgrows that gold basis, credit takes its place. The more a country is prosperous, the more quickly it outgrows its gold basis. Having a gold basis, we have all the elements of destruction within our money system. Money can be made out of anything. It is the creation of the law. It is important for the Government to distinguish between money and gold, gold commodity of value, and also the commodity of money. The value of money is not intrinsic but representative. A dollar earned as wages is the representative of a man's labour. Money possessing intrinsic value is not fit to be money. All value is subject to the law of supply and demand, and money of intrinsic value is not value of a measure, but of a changeable quantity. A dollar is always a hundred cents, but its purchasing power changes. Money does not determine the value of anything. Money produces nothing. It is only evident that a man has earned it or obtained it as a product of labour. Our natural resources should be used to build the Pacific railway, and this could be done without borrowing money from England or any foreign country. Money does not depreciate, and there would be no difference in value between gold and paper dollars, unless the Government discriminated against the latter. Money is only the money of the country of its creation. When it passed beyond the boundaries, it is simply a commodity of value. A system of money which provided money that would not be sent out of the country to purchase foreign goods was the best system of protection, because it protected people without taxing them. Money that was unexportable tended to the stability of the institutions of a country, because it would lead men to remain at home and defend their land should a crisis occur. In conclusion, the hon. gentleman gave notice that when the banking resolutions came up he would move an amendment in opposition to the view that the Government shall allow banks the privilege for the next ten years of issuing the currency or money of the country.

Mr. CHARLTON contended that the proposals of the Government were fraught with danger to the public interest. He cited authorities opposed to the issue of notes by Governments. Commenting on the remarks of the hon. member for South Norfolk (Mr. Wallace), he thought it was expedient not to underestimate the soft money agitation, which, wherever it had been carried, had brought ruin on every nation that had adopted the system. He then quoted authorities, both English and American, against paper currency.

Mr. McCALLUM held that the object of the Government should be to utilize the confidence entertained by the people in such a way as to save as much as possible to the people. The resolution was a step in that direction, and was worthy of support. It was the duty of the Government to take the whole circulation into their power, and they were abdicating their powers in granting privileges in that connection to banking institutions. The greenback system saved the United States, for it enabled them to borrow four hundred and fifty millions from the American people when they could not raise loans abroad. He did not believe in an irredeemable currency, for it should have a gold basis, but of what use was the gold to the people if it was stored in Government vaults? He regretted the Government had not thought fit to take the whole circulation into their own hands. It would, however, be made a test question at the next election, and the Government would be forced to adopt that course. At the same time a considerable saving would be effected by the present action of the Government.

The motion was carried and the House went into Committee.

In Committee,

Mr. ANGLIN opposed the proposal to increase the circulation, on the ground that there was just as much money in circulation as the business of the country required.

Mr. MILLS denied that the people had a right to share in the profits of circulation, or that they had the right to all the profits.

Sir JOHN MACDONALD—Why?

Mr. MILLS—Because the public have no interest in the matter, and have no right to go into partnership with the banks. If the Government took the circulation, it would be a breach of faith with the banks. If the Government took the profits of the circulation from the banks, the banks would be obliged to recoup themselves, either by raising the rate of money loaned, or by lowering the rate of interest on money deposited. The result of this must be the investment of Canadian capital abroad.

Sir JOHN MACDONALD said the hon. member for Bothwell had attempted to draw a distinction between the public and the Government, but he had always thought the terms were synonymous. The hon. gentleman further declared that the Government had no right to go into partnership with the banks in the matter of circulation, as that was an inherent right belonging to the banks. It was, however, a principle in constitutional Government which obtained in monarchies and republics, that the right of creating and making money for common circulation belonged to the Crown, Sovereign, or nation. Gold, silver, copper, nickel, or whatever might be said to represent the circulation, was vested in the Crown, Sovereign, or nation, no matter what the form of Government might be, and if paper promises to pay were accepted as equal to gold and silver, the argument was clear. If it was admitted by all writers on money that the same power, sovereignty, and nation, had the right to issue gold or any other circulating medium, it must of necessity have the right, if it chose to claim it, of issuing what was equal to gold and silver. It was a matter of grace, of expediency, of legislation, which might be altered and modified from time to time, by which the Crown gave up a portion of its exclusive right to issue what was called money to the banks, whether private or public. To say such action was a breach of faith was absurd. If it was a breach of faith for the Government to issue twenty millions, it was equally so to issue twelve millions. For ten years, the banks had been suffering under that breach of faith, and yet willingly endured it. If such action constituted a breach of faith, why did not the hon. member for Bothwell during the five years he was a member of the late Government afford relief? If the hon. gentleman's argument meant anything, it was this, that no nation or sovereignty was able to issue paper money, although they might issue gold or silver, without committing a breach of faith towards those who invested their money in banking. The whole point was this. Experience had showed there was no necessity have so much gold as had been held to cover the issue of twelve millions, and experience having shown that, it was merely granting to the twenty million dollars what had been universally admitted by the last and the previous Parliament with respect to $12,000,000. It was merely permissive. The Government would be given the power to issue twenty million dollars instead of twelve millions, and, if during any year practical inconvenience was found to exist, and the country was not able to meet the demand for gold, the Government could check its note issue, and Parliament, moreover, could force it every session to diminish its issue.

The resolution passed.

The Committee having risen,

Sir LEONARD TILLEY introduced a bill founded on the resolution intituled "An Act further to amend the Act respecting Dominion notes."

Sir LEONARD TILLEY moved the House in Committee of the Whole to consider the following resolutions:—

That the charters of the several banks to which the Act respecting banks and banking (34 Vic., c. 5) applies shall be extended to the 1st July, 1891, subject to the following provisions:—

1. That after the first day of July, 1881—on which day their charters, if not extended, would expire—the payment of the notes of any such bank, intended for general circulation, shall be the first charge upon its assets, and that the bank shall not, after the said day issue or re-issue any such note for a less sum than five dollars, or for any other sum not being a multiple of five dollars.

2. That from and after the same day, any such bank when making any payment shall on the request of the person to whom the payment is to be made pay the same, or such part thereof not exceeding fifty dollars, as such person may request, in Dominion notes, for one or for two dollars each at the option of the receiver.

3 And that from and after the passing of the Act to be passed in pursuance of these resolutions the proportion of the cash reserves to be held by any such bank in Dominion notes shall never be less than forty per cent.

4. That the form of the monthly returns to Government be so amended as to show more clearly the financial position of the bank.

5. That section 3 V. 5. and 6. of the Act of the now last session (42 V., C. 45.) respecting the numbering of bank shares be repealed.

The hon. gentleman explained that the second resolution would meet the objection as to the difficulty of circulating the new Dominion notes. This resolution would in its operations not only aid the circulation, but it would accommodate the public who had complained of the difficulty of getting one and two dollar notes. He admitted that, as stated by the late Finance Minister, if work on public works was paid for in Dominion notes of large denominations, they would soon return to the issuer; but these small notes would not so soon return. As to the difficulty which the ex-Finance Minister predicted regarding the payment of the interest of the debt in England, he might remark that that difficulty would be more than met by the balance of trade between England and Canada becoming favourable to us. The difficulty which the hon. member for Huron suggested would not occur unless we had a large balance of trade against us. The fourth resolution would by the amendment to the bank returns require such statements from the banks as would prevent in the future such an occurrence as that which had happened regarding the Consolidated Bank.

The motion was carried, and the House resolved itself into Committee.

In Committee,

Mr. PLUMB rose and complimented the hon. member for South Norfolk (Mr. Wallace) on the exhaustive manner in which he had dealt with the subject of the currency, but regretted that he was not disposed to yield to the arguments which he had advanced. He (Mr. Plumb) was, perhaps, unfortunate in having imbibed a dislike to an irredeemable currency. He believed it was necessary that the trading community should agree upon a common standard or measure of value, and gold was the most perfect standard that could be obtained. For that reason it had been universally accepted, and should this country adopt any other standard of value we would become isolated. Why was gold the universally accepted measure of value? Because it represented labour, because it was the most difficult of the metals to obtain, because it was a material, was not perishable, and because it was not liable to large fluctuations; and the hon. member for South Norfolk was strangely mistaken when he said that it obtained its value by a stamp put upon it by some Government or other. He said paper currency performed no inconsiderable part in the business transactions of the world, but the convenience of the country would take just as much paper money as it wanted and no more. The bank circulation was governed by the convenience of the public. Under their charters, the banks could issue $60,000,000 in currency, but how much had they afloat? About $28,000,000. That was about as much as this country was likely to carry so long as the conditions of trade remained the same as they were to-day. That circulation might be increased, but the hon. member for South Norfolk immensely exaggerated the power and will of the community to hold a large amount of paper if he thought it would hold more than at present. No doubt, a considerable amount could be forced at particular times, such as at harvest when the crops were coming in, but no legislation or Government procedure could threw upon the public more floating currency than the public were inclined to take, and the limit of that currency could be judged by the limit of the bank circulation to-day. In New York State, the circulation at no time when the population was four millions exceeded twenty-five or twenty-eight millions. No one could be more mistaken than the hon. member for South Norfolk if he imagined the Government could issue large amounts of irredeemable paper money to pay for public works, and prevent that currency from depreciating. If the currency was redeemable, the Government would be called upon at an early date to give gold for them; but if the notes were irredeemable, the currency would lose the gold standard, and become the sport of every broker and every shark who desired to put his price upon it. In Western Ontario, the advocates of the national currency had called gentlemen who opposed that currency "gold bugs" and bullionists, but these names were not arguments.

MR. WALLACE—How about calling us rag-baby people?

MR. PLUMB said at all events the names could not affect the argument. They did not disprove the fact that United States notes lost their purchasing power to such an extent that they did not bring more than thirty three, thirty five, and forty per cent of their face value. A man paid in this depreciated currency, for what he purchased, three times the amount he would pay in gold. He knew a gentleman who went to New York some years ago with $100 in Canadian notes, and after living there for a fortnight came back to Canada with $120 of greenbacks in his possession. That would be the case if a forced loan, such as that suggested by the hon. member for South Norfolk was to be made upon the people. He (Mr. Plumb) had no doubt the Finance Minister was warranted in the issue of $8,000,000 additional circulation, but, of course, every one knew that a large amount of the $12,000,000 already issued remained in the banks as a reserve, and that a large portion of the present issue would remain in the banks. It was of no consequence to the Government whether the money remained in the hands of the public or the banks, so long as it saved the interest upon it, except in this way, that there might be a time when the banks would require gold. At that time, he had no doubt the Government would have the gold to meet the demand. He did not fully agree with the terms upon which the Finance Minister had consented to renew the bank charters. He believed the first duty of the Government was to compel the banks to make their circulation absolutely secure beyond peradventure, and it was his (Mr. Plumb's) hope that the Government would, as far as possible, assimilate our system to that of the United States. Under the American system, the banks took so much Government stock which they transferred to the controller of the banks, receiving from him in return bank notes with the name of the bank inscribed upon them to the full amount of the market value of the stock deposited. The banks were entitled to the interest on the stock held by the Government, and if a bank failed the Government immediately advertised that it would redeem all its notes. Indeed, in some cases the notes of the bank which had failed continued to circulate after the failure.

Mr. ANGLIN—Under that system the Government gets no