

and the circulation \$75,000,000. That year the balance of the trade was \$54,000,000, against us. The deposits in the banks had increased in that year by \$49,000,000, while the increase in bank discounts was \$54,000,000, exactly the adverse balance. That bespeaks good times. In 1910 the adverse balance was \$90,000,000. How was that met? By an increase in the deposits in banks of \$127,000,000. In 1911, last year, the adverse balance was \$180,000,000. How are we going to meet that deficit? I do not know. The bank accounts are not in yet; but last September they had already discounted loans towards the payment of that to the amount of \$81,000,000 out of \$96,000,000 of deposit. So far so well. I am not here to say that the outlook is blue, or that we are on the eve of bankruptcy. So far, the deposits in the banks have equalized the amount that the banks had to lend to the commercial community to enable them to meet the obligations they have incurred. Here is the danger—and I call the attention of both sides to this point: While we are living in prosperous times our situation is somewhat like that of mutual societies before they had been put upon a better basis. In reference to these societies, unless there was an increase of membership each year they were doomed to fail. Likewise the moment the deposits in our banks decrease there will be stagnation in our commercial world. That is absolutely certain to my mind. We have to continue increasing our deposit. Supposing we had one or two seasons of bad crops, what would become of the status of our banks? It is hoped that kind Providence will favour us as well as it has favoured our friends the liberals; but if we should have two consecutive bad crops there would be a shake up of the finances of the Dominion the like of which has possibly never been witnessed in the United States republic to the south. To give an instance, hon. gentlemen remember the unfortunate times when that good man, the late Alexander Mackenzie, came into power. There was great depression at the time. The new government were met with bad times and we remember the result. I have quoted these figures to show what the effect on our affairs

Hon. Mr. POIRIER.

will necessarily be when the deposits decrease in balance. In 1874 the deposits in the banks were \$77,000,000; but in 1875 they had decreased by two millions. What was the consequence? Failures to the tune of \$29,000,000 in the country. In 1876 another decrease in the banks took place to the extent of \$2,000,000, with failures to the extent of \$26,000,000. In 1877 we had an increase of \$1,000,000 in the deposits. From \$73,000,000 it had gone up to \$74,000,000, but still we were on the downward slide, and failures aggregated \$26,000,000. In 1878 the people withdrew their money from the banks through panic or necessity, with the result that from \$74,000,000 of deposits, the amount went down to \$71,000,000. There were \$24,000,000 of bankruptcies in the Dominion of Canada. There would have been more but at that time more than half our tradesmen had failed. Here in Ottawa, where I lived at that time, not one merchant on Sussex street stood the strain. There was only one merchant on St. Catherine street in Montreal who did not go under. That shows the effects of diminishing deposits in the bank. Answering my hon. friend again I say that while the country is apparently prosperous, it is prosperous because trade and commerce live on the banks.

Our merchants carry on their business by discounting accommodation paper at the banks. If, to-day, or in the near future, our merchants were called upon to meet their obligations abroad they would not be in a position to realize enough money for the purpose, although they have, no doubt, the assets. Now here is what I wanted to call the attention of our hon. friends to—not to go on singing cuckoo songs as the right hon. leader of the opposition has said we might, but to look at the situation carefully and see when the Bank Act comes before us that this question is not lost sight of, and that we check to a certain extent the abnormal the frenzied importations made by our people in these times of prosperity, and settle if possible the balance sheet between revenue and expenditure. It is a remarkable fact that while we boast of being the most prosperous country in the commercial world, we are the only people in America who show such a balance sheet.