

tion put on that Act by gentlemen opposite, and accept the lesser sum of \$8,000,000. (Hear, hear, and applause from the opposition benches).

The House then went into Committee—Col. Gray in the Chair.

The first clause was read, providing that the Governor-in-Council might enter into an arrangement with any of the chartered banks in the Dominion for the surrender, on or before June 1st, 1870, of their power to issue notes, and that in compensation for such surrender an annual sum should be paid, not exceeding 5 per cent upon the amount of its circulation, as established with respect to any bank in the Provinces of Quebec or Ontario, by the monthly returns on April 30th, 1866, etc., etc.

Hon. Mr. Holton rose and asked the Minister of Finance in what position the Banks of Ontario and Quebec would find themselves in the event of this Bill becoming law. In consequence of the agreement made by Mr. Howland with the Bank of Montreal in 1866, that the Bank of Montreal should be the sole agent for the issue of the Provincial notes, the Government was bound to give the bank six months' notice if they desired to terminate the agreement. So that, in fact, although this Bill became law on the 15th April next, it would remain practically a dead letter for six months from that date, unless the Bank of Montreal, in its great benevolence, consented to allow the Government to enter into an agreement with the other banks.

Hon. Mr. Rose replied that the former agreement would not be disturbed by this Act.

Hon. Mr. Holton asked if on the passage of this measure the Government would be in a position forthwith to enter into negotiations with any other bank, for the surrender of its circulation, without the consent of the Bank of Montreal.

Hon. Mr. Rose replied that, obviously, it would be wrong to interfere, by this Bill, with existing arrangements.

Hon. Mr. Holton—Then the House is here placed in a most absurd position. The hands of the Government have been deliberately tied by a predecessor of the Finance Minister. The hands of the Legislature are at this moment tied by that agreement, and yet the Government ask the House to pass a Bill, the operation of which could be postponed by the Bank of Montreal, as admitted by the Fi-

nance Minister, for a period of six months. It was trifling with the House to ask them to pass a Bill which, so far as banks other than the Bank of Montreal were concerned, could not be put into operation for six months. He blamed the Government for having entered into such an arrangement with the Bank of Montreal.

Hon. Mr. Rose repeated that this Bill was not intended to affect one way or the other any former agreement, such as that alluded to.

Hon. Mr. Holton asked, under the circumstances, what was the use of passing a measure which in this respect could not be carried into effect.

Hon. Mr. Galt said that an agreement having been entered into with the Bank of Montreal based on the surrender of their circulation, faith ought to be kept with that institution.

Hon. J. S. Macdonald said it was no use pressing the Finance Minister further on the point. That honourable gentleman no doubt had his own way of getting out of the difficulty, but did not choose to indicate it at that stage.

Mr. Blake maintained that if the first clause passed as it stood, the obligation to the Bank of Montreal would be wiped away by the Legislature. If the agreement were binding, and it were the duty of the Government to regulate it, then the observations of the member for Sherbrooke were correct, that the Act ought to be shaped as to protect the Bank of Montreal.

Hon. Mr. Rose, in response to the member for Chateauguay, said that he had given the only reasonable answer which could be given, that the Government would exercise the power the clause professed to give them, in such a way as they judge to be consistent with existing obligations and good faith.

Hon. Mr. Galt called attention to the 5th clause of the Bill, which he thought was intended to give effect to any agreement under the old Act.

Dr. Parker said it seemed to him that if the 5th clause were left out the 1st clause would repeal the arrangement with the Bank of Montreal.

Hon. Mr. Holton again insisted that the Government should state whether they intended to put themselves in a position at the