

think there will be any loss on the coinage in this country. There is not in England. The alloy is supposed to pay the expense of coinage, and interest upon the value of the gold deposited for the short period that elapses between the time that bullion is put in the hands of government officers until it is converted into money.

Hon. Sir MACKENZIE BOWELL—But gold is the principal medium of circulation in England, and not bills. That makes all the difference.

Hon. Mr. MILLS—I know it is the principal circulation, but my hon. friend will see we could not pay more for coinage here. They are to pay expenses, and interest on the value of the gold deposited from the time it is put into the hands of the officers of the mint until it is converted into coin. It might be that the profits here would be very much less, but it is perfectly obvious that you could not undertake to pay a larger sum for coining here than is paid in the United Kingdom or in the United States, for if you attempted to do that, you would at once have bullion from the United States, or from other countries, sent in here for the purpose of being converted into money. There would be a larger profit on the bullion in Canada, if that were done, than anywhere else. So that there is never likely to be any extra sum paid in that respect. If the coining does not pay expenses, of course the loss must fall upon the public treasury of the country, and I have no doubt the cost of coining a pound in Canada will be more than the cost of coining a pound in England, on account of the smaller amount done here than in the United Kingdom. There is also this fact to be borne in mind, that the loss of a bank note is an intrinsic loss only to the extent of the cost of engraving and printing the note. While the individual who holds the note may lose five pounds, if it be a five pound note the bank itself would gain the five pounds, so that the loss of the individual would be undoubtedly the gain of the bank. The actual loss, I say, is only the cost of printing and engraving a note. That is not so, of course, when a gold coin is lost, because that is an intrinsic loss to the value the coin represents, which is entirely different from the loss of a bank note, and so, both in the matter of convenience

Hon. Mr. MILLS.

and in the matter of risk, our present system is, no doubt, more advantageous than any system of metallic circulation that could possibly be devised.

Hon. Sir MACKENZIE BOWELL—Has the hon. gentleman considered this point: what is to become of the gold coin made in this country? If it does not enter general circulation, and take the place of bank notes or Dominion notes, what is to become of it? Could it be sent to England in payment of our debts? Would it be a legal tender there? You could not send it to the United States, for it would not be legal tender there. I remember a circumstance which occurred while I was acting for Sir Leonard Tilley for a short time. The demand for gold in the United States was very great, and a large profit accrued to the bankers who had the gold, and sent it there, and they made what might be termed a run on the Dominion treasury for gold. They presented Dominion notes, and demanded gold for them, until the gold held in reserve by the government was almost depleted. On consultation with the deputy minister, we decided that the only way we could possibly stop that run was to cable to England to send over about half a million in gold. It was done in about ten days, and as soon as the bankers presented the bills, they were offered British gold coin. They said, 'We cannot use this in the United States; it is not legal tender there.' That stopped the run. I mention this fact to show you of what use gold manufactured in Canada would be to pay debts in the United States. If you could, I could easily understand how it could be used. If it goes to the United States, it must go as bullion, and be re-minted, I suppose, into United States coin. What is to become of it? It must either go into circulation or be sold as bullion. I am fully in accord with the sentimental part of the measure.

Hon. Mr. MILLS—A part of the gold coin might be held by the banks, under the existing law, as a portion of their reserve. A part of it, if you were to coin \$5 or \$2½ pieces might go into circulation in the United States at its par value. My hon. friend has never seen gold coins of the United States, offered in payment of a debt in this country, refused for their face value?