circulation, that, namely, of October, 1868; that during next year they should replace 28 per cent. more of their circulation by Government securities, until in July, 1876, the whole circulation would be based on government securities. The change, in consequence of the gradual and almost imperceptible contraction of the circulation, would not be felt as injurious to the banks, and would not deprive them in any sensible degree of the facilities heretofore enjoyed for carrying on the commercial operations of the country. It was objected that this measure would needlessly curtail the facilities which the banks now possess for carrying on the business of the country. Well, suppose that in seven years from now the whole circulation of the country was based upon government securities. The average circulation, he had stated, was $12,000,000; the average amount of specie they held last year was $8,900,000; they also held $3,000,000 of government securities, the two together being about $12,000,000. It was proposed that in return for government securities the Government would return to the banks circulating notes on much the same principle as the national bank currency of the United States. The notes would be of uniform appearance, bearing on their face that they were secured by deposits of Dominion securities only. They would purport to be issued by the particular bank to which they were delivered, and would be signed by an officer of the bank.

Mr. Gibbs asked whether, as the Bank circulation was displaced, it would be compulsory on the Banks to replace it at once in Government circulation.

Hon. Mr. Rose—Certainly not. If any Banks chose to confine themselves to carrying on the ordinary business of banking, they might do so It was proposed that the Banks should keep a specie reserve of 20 per cent. of their circulation, and also a specie reserve equal to one-seventh of the amount of deposits at call not bearing interest. The deposits on call represented the commercial balances from day to day, and the Government had thought it necessary to make a difference in this respect between these and the deposits bearing interest, which must be regarded simply as investments as to which the depositor must assume himself the same risk as he had with reference to any other investment. The amount of specie and Government securities which would ultimately be required as the reserve for Government notes, and one-seventh of the deposits on call, would, on the present basis of circulation and deposits, be $16,900,000. Against this, as he had said, the Banks had specie and Government securities, in 1868, to the amount of about $12,000,000,—leaving to be made up in cash, during the next seven years, $4,900,000. This was but a little over 5¼ per cent. per annum spread over seven years on the average circulation, and rather less than one and a-half per cent. per annum on the average discounts; and would any one tell him that this gradual and almost imperceptible contraction was going seriously to cramp the operations of the banks.

Hon. Mr. Holton enquired whether the banks would be at liberty to purchase these securities in the open market, or whether there would be prescribed a certain class of securities to be furnished by the Government.

Hon. Mr. Rose said they might purchase the securities in the open market. He proceeded to show how the calculation would stand. Instead of average circulation, the highest circulation, $15,120,000 was taken, bringing out the result that the difference to be made by the banks in 7 years would be $8,320,000, or 7 9-10 per cent per annum for the next seven years on the highest circulation, and 2½ per cent per annum for the same time on the highest discounts. In these calculations he had included the circulation of Dominion notes, but it was proposed that these should be gradually withdrawn and the present Government power of issue should be withdrawn. If the specie held in reserve for these Dominion notes, $925,000 was deducted, the amount to be made up would be reduced to $7,400,000, which was a small fraction of over 7 per cent per annum on the highest circulation, and a small fraction over 2 per cent per annum on the highest discounts. Mr. Rose proceeded to apply the same mode of calculation to the case of five Ontario banks,—the Bank of Toronto, Merchants' Bank, Ontario Bank, Royal Canadian Bank and the Bank of Commerce, bringing out the result that the difference to be made up by these banks would be $3,717,000, being seven and seven-tenths per cent. per annum for seven years, on their highest circulation, $8,883,000, and not quite 3 per cent. per annum for the same time on their highest discounts, $17,771,000. These figures, he contended, proved that this scheme, by its gradual operation, would not cramp the facilities which the banks had to give to their customers and the public. Moreover, he had in these calculations put the matter on most unfavorable footing, by assuming that there would be no increase of banking capital and of deposits. But that was not a result to be anticipated. There were at present before the House a number of applications for new Banking Incorporations and for an increase of capital to existing institutions. He might mention, also, that from March, 1862, to March, 1869, while the aggregate circulation of banks had only increased six per cent, their capital had increased 9 per cent and their deposits 90 per cent. It was reasonable to suppose, with the prospects before us, that the increase of capital deposits would go on at a rapid ratio. He then answered the objection that the banks would not be able to afford the additional facilities required during the three months of the year for moving the crops. He said this would require about $6,000,000 which bore a comparatively small proportion to $30,000,000 of deposits and $15,000,000 of capital, and contended that it would pay the banks to keep that amount on hand for autumn use, as they would be getting the interest for it.

In answer to Mr. Lawson,

Hon. Mr. Rose said that the Dominion notes would be redeemed by each bank issuing them at its head office.

In reply to Mr. Young,

Hon. Mr. Rose said that each bank must redeem its notes at the capital city of the Province where the headquarters of the bank were, the redemption being in fact exactly the same as at present.

Mr. Gibbs asked if bills payable in Halifax were held by a party in Toronto, who wanted to get gold for them, would not the holder either have to pay the rate of exchange or express them there?

Hon. Mr. Rose—The notes held were legal tenders anywhere in the Dominion. Of course, if a merchant, having in his possession that which was as good as gold, chose to send to Halifax for the specie, he must incur the expense of sending it there, but there was no motive in his doing so.

Hon. Mr. Dorion asked whether it was the intention of the Government to prevent any of the bank charters from being prolonged.

Hon. Mr. Rose said that all applications for prolongations of charters would go to the Committee on Banking and Commerce, and remain there until the sense of the House was taken with reference to the measure.

Hon. Mr. Wood asked what was to be done in the case of the Bank of British North America, the charter of which was placed on a different footing from that of other banks.

Hon. Mr. Rose was under the impression that all the charters expired at the same time, June 1870.

Mr. Lawson said this was not the case. Part of their circulation was under the Free Banking Act.

Hon. Mr. Holton—In the case of this bank, too, the double liability is not in their charter; it would be well if the Finance Minister would explain whether the Government meant the double liability to continue in any case.

Hon. Mr. Rose—The Government proposal is to continue the charters as they are for a period of ten years—the organization not being touched in any instance.

Sir John A. Macdonald explained that it was the desire of the Government to get an expression of opinion from Parliament this session on the resolutions.

Hon. J. H. Cameron objected to the measure being presented this session. A little, but only a little, of its details had leaked out and become known in the country; and, in his opinion, a more extended time than that day week was required for the discussion of these resolutions in the country. The Government proposition was one which it was said placed a great deal more power, and a great deal more money, in the hands of the Government than was desirable. Besides the Government scheme assumed that the banking system of the country was so entirely defective as not to be relied on—an assumption which would be repudiated by many commercial men. In coming down with a measure of such great importance, the Government ought to have given stronger reasons for the proposed change than they had done. It was so important a measure, dealing with the whole banking capital of the country, that hon. gentlemen had a right to claim that full opportunity should be given the public at large for expressing an opinion on it. One thing was clear, even at this stage, that, so far from asking for such a measure, petitions from all parts of the country had poured in against it.

Commercial.

Toronto Market.

There was no improvement in the general trade of the city during the week, and there is still a good deal of depression, and great caution is exercised in every department. This could not be otherwise under present circumstances. A certain result of the pending change in the banking system of the country will be that of curtailing discounts and advances for a short time at least. This will bear with unusual severity on very many wholesale men at the present time, owing to the difficulty of getting in their debts from the country. Apprehension of this acts as a powerful check upon business.

PRODUCE.—Large stocks of breadstuffs in all the principal markets, and most favorable reports of the growing crops from every quarter, has caused a further fall in prices, amounting to 10 or 15 cents per barrel on Flour. The near approach of the warm season tends somewhat in the same direction, though our flour being generally very sound is not exposed to much damage from that cause. *Wheat.*—Receipts, 26,467 bushels and 29,000 bush. for the corresponding week last year. Stock in store on the 15th 106,750 bush.; sales of spring at 96c., closing at 94c.; fall sold at 98c. but closed lower. *Barley.*—No receipts, stock in store on the 15th, 4,500 bush.; market lower; 2,100 bush. sold at 80c. *Oats.*—Receipts 4,200 bush. and 2,400 bush. for the corresponding week of last year; stock in store on the 15th, 9,600 bush.; demand active and sales at 55 to 56c. for carloads. *Peas.*—No receipts; stock on the 15th, 23,000 bush.; carlots nominal at 70 to 72c. *Corn.*—Sales of cars were made at 60c. *Seeds.*—Timothy dearer and higher, $3 to $3.25.

FLOUR—Receipts, 1,750 brls, and 1,800 brls for the corresponding week of last year; stock in store on the 15th, 18,631 brls; market dull and lower; 1,000 brls No. 1 sold at $4.05, but the market closed with sellers at $4. *Spring Wheat*—Extra sold at $4.15; fancy sold at $4.25; these occurred early in the week, since when the market has been nominal, with a downward tendency. *Oatmeal*—Small lots af choice $5.75 to $6. *Corn-meal*—Selling, in small lots, at $3.75 to $4.

PROVISIONS—New crop butter is beginning to arrive, but the market for all grades is dull at quotations. Eggs have met with a good demand