

unreasonable amount, and less might do; but the amendments proposed in the Bill went altogether too far in the wrong way. They had the tendency to render the immediate redemption of notes less secure, a state of things which Parliament should guard against, for the result might be a depreciated currency. He was also afraid that the tendency of the measure, would be to create bank favoritism—a very undesirable result certainly. So long as the present Government were in power, he did not apprehend any danger, but it was wise to guard against the future. Suppose the case of a favored bank being in a weak position, and that the Government wished to help it, it might lend such an institution a million of dollars, and only require one-fifth of that amount to be held—or \$200,000 in gold. The balance of \$800,000 might remain on deposit, or the bank might get credit for an unlimited time. Such a state of things was, in his opinion, very objectionable and should be prevented if possible. We had an instance in Upper Canada where a certain bank suffered very much from favoritism of this sort. Money was left on deposit, which it lent unwisely, and everybody knew the unfortunate results that accrued at last. He hoped that the Government would not press the bill in its present shape, but would consent to hold at least 40 per cent. in gold. The Postmaster General had quite correctly stated that the Government would in reality hold more than 20 per cent, and, for the same reason, the 40 per cent. would, in the end, actually amount to 50 per cent. Such a reserve would be quite sufficient, but still the other provision with respect to the deposits was very objectionable and he would like to see it expunged from the Bill.

Hon. Mr. RYAN agreed with most of the remarks of the preceding speaker, for he was sure that whilst we based our currency on gold, we would have a currency which would inspire confidence among all who have business to do with the country. If we departed, to any great extent, from such a principle, as would be the case under the bill, then confidence in our monetary position would be impaired. When we relaxed our system and held out to banks an opportunity of receiving currency which they do not require to pay for in gold, undue expansion would ensue, and financial embarrassment be the final result. As long as we went on prosperously that expansion might seem safe enough but let a crisis occur, as it may occur in the best regulated countries, and banks get into difficulties, then the country

would suffer. It was more prudent to go on quietly and cautiously than to encourage undue expansion and its dangerous consequences. He hoped that the appeals which had been made to the Government would be heeded, and that they would consent to amend the bill. The House had confidence in the financial capacity and prudent management of the gentleman who now conducted our financial affairs, and whilst he remained in the same position the country was not in danger; but we had no guarantee for the future, for we did not know who might be in office some years hence, and therefore it was advisable to protect the public interests by every means in our power. He was confident that those banks which wished to carry on their affairs prudently, would not object to see the amount of specie held in reserve augmented to 40 per cent.

Hon. Mr. LETELLIER DE ST. JUST said that he held views similar to those just expressed, but he believed the wealth of the country which was the guarantee for the debentures was as good as gold. But the moment the benefit of the circulation was given to the banks instead of to the country, then we were moving in the wrong direction. It became more necessary that gold should be the basis, the moment you deprive the Government of the benefit of the circulation and hand it to the banks.

Hon. Mr. WILMOT said that every one could bear testimony to the benefit derived by the whole country from the issue of Dominion Notes. When he had first addressed the House on this subject in 1867, the amount of the circulation, was only \$12,000,000, consisting almost entirely of Bank Notes—not one per cent. on the taxable property of the country. His hon. friend from Toronto had dwelt strongly on the gold as the great security, but he (Mr. W.) could remember that in 1825 had it not been for the discovery of some one pound notes the Bank of England would have been obliged to shut its doors. The country, at that time, wanted circulation,—there was no want of prosperity—and the result was a crisis, causing great depreciation of property in Great Britain, ruinous bankruptcies, and the failure of many Banks. We have a country of 4,000,000 of people, and the Census of 1851 shewed property to the amount of \$1,400,000,000. If we looked at the country alongside of us, and compared the Census returns from 1861 to 1871—during which years a most disastrous war had occurred, causing the withdrawal of an immense number of persons