

own. He (Mr. Galt), however, agreed to accompany the Directors to Kingston, to meet Sir John A. Macdonald, who, he found, shared the same opinion, that the Government would not, under the circumstances, be justified in interfering on behalf of the Bank. At the same time, they both agreed that the Government might possibly express such a desire to the Bank of Montreal as would induce them to give the assistance that might be required, or such securities as the Commercial Bank had in its power to hand over to that institution. This view was intimated to the Directors of the Commercial Bank, although it was impossible to obtain a meeting of Council at that time to adopt a formal decision. The assistance necessary, it was thought, would be somewhere between \$300,000 and \$500,000. Mr. Angus, acting on the part of the Bank of Montreal, in the absence in England of Mr. King, met this proposition in the most friendly way. This was on the 16th or 17th of September, and he learned next day that arrangements had been made for an advance of \$300,000, on a deposit of commercial paper. On the 15th October, being in Montreal, he was met by Mr. Cartwright and Mr. Holton, who informed him that the position of the Bank had again assumed an alarming character—the withdrawal of deposits increasing to such an extent that it would rapidly exhaust the resources of the Bank. He had then a meeting with the Directors, and the statements submitted satisfied him that the position of the bank was one merely of temporary embarrassment, arising from undue disquietude in the public mind, and that a very limited amount of assistance would enable them to overcome the difficulty. He proceeded to narrate what passed at an interview on the following day between himself and Mr. King of the Montreal Bank, who had just returned from England. He finally came to the conclusion, and it was acquiesced in by Mr. King, that the best course to take under the circumstances, was that the Government should assume the responsibility of coming to the assistance of the Bank, and that it would be well for him (Mr. Galt), to submit the case to the Government, with the recommendation that assistance should be afforded to the amount of half a million dollars. He accordingly proceeded with Mr. Cartwright to Ottawa, arriving there on Thursday, the 17th. He saw Sir John A. Macdonald, who, on the situation being explained to him, at once expressed his anxiety and desire to save the Commercial Bank from disaster; and at the

[Mr. Galt (Sherbrooke)]

same time agreed with him fully that serious danger might occur to other institutions and to the business of the country if a failure took place. Sir John A. Macdonald suggested that he (Mr. Galt) should see Mr. Cartier. He did so, and found that Mr. Cartier attached great weight to the objection offered on the previous application. Sir John A. Macdonald and Mr. Cartier agreed that with the pressure the Government could put on the financial institutions of the country, the necessary assistance might be obtained from other banking institutions. After consulting with Sir John, he (Sir John) came to the conclusion that it would not be expedient to submit the case to the Council. He (Mr. Galt) was unwilling to accede to this course. However, he deferred opinion here and went to Montreal with Mr. Cartwright, and had a consultation with Mr. King, a letter from whom, dated Oct. 17th, he read, in which that gentleman expressed his view on the question, when it was considered by both of them desirable that Government should come to the assistance of the Bank. After consultation with Mr. King it was deemed advisable that representatives of the Western Banks should be invited to attend a meeting in Montreal. That meeting took place on the 21st of October. He did not propose entering into the details of the events of that day, because full statements had been put forth by gentlemen present on both sides, and no gentleman who was present would refuse him the credit of saying that his efforts were all directed to reserve harmony and to bring about a measure of real relief. An understanding was come to which, in his opinion, and in the opinion of those who attended the meeting, would have produced the necessary assistance to the Bank. It was necessary, however, to communicate this to head offices, and by half-past five o'clock telegrams were received to the effect that the plan suggested could not be carried out. Up to that moment he had been sanguine that the crisis could be averted. It was then proposed by the Directors of the Commercial Bank, at a meeting at which he was present to place the affairs of the Bank in the hands of the Bank of Montreal. He felt that beyond a certain point he could not urge the matter upon Mr. King, knowing, as Finance Minister, that the Government had been obliged themselves to borrow largely from the Bank of Montreal, and fearing that to cripple that institution might interfere with the arrangement of the Government itself. He now told Mr. King that assistance could not otherwise be obtained, he would