

gentleman who has just spoken. I think there is no difficulty in getting 4 per cent. in the banks just now, but they may reduce it as they did before.

Sir LEONARD TILLEY. I may say that there is no intention at present to reduce the rate of interest paid to the people of the country who deposit their small earnings with the Government.

Sir RICHARD CARTWRIGHT. No matter whether the rate obtainable in the open market falls or not?

Sir LEONARD TILLEY. When that time arrives we will judge of the question as we have judged at present. I may say that parties do not really receive 4 per cent. because as I stated before, if the money is deposited in the middle of the month and paid out in the middle of another month, there would be one month's interest lost in, say, six months. The Government consider it to be a matter of vital importance that there should be institutions such as these, where parties having small earnings may put them for safety. In the next place if there was a loss sustained, we believe the country would justify us in incurring that small loss rather than that we should withdraw from the people the advantages they now possess. At present there is not such a state of the money market as would warrant us in asking that depositors should receive less than 4 per cent. under the conditions which I have stated. As to the question of my hon. friend from Halifax (Mr. Stairs) we have an amount to cover the opening of such new offices as the Government may consider it wise and proper to establish. So far, however, we have not seen our way clear to give Dartmouth an office, owing to its proximity to Halifax, where we have officers paid by the year who can take this money without additional expense. I cannot say what our decision may be in the future.

Mr. HESSON. What I said with reference to the payment of commissions on the interest paid in the foreign market of \$4,750,000 is perfectly correct, and I might have added the additional expense in obtaining the loan in the first instance in the old country, because I understand that no loans are quoted without paying commissions to float them. When this is added to the 4 per cent. it will make it more than the $4\frac{1}{2}$ per cent. we are now paying to our own people. The more we encourage our citizens to deposit in the Government savings banks, the better.

Sir RICHARD CARTWRIGHT. So far as it goes; although it is not very profitable for us to have our own people lending us money at $4\frac{1}{2}$ per cent. if we could borrow it at $3\frac{1}{2}$ per cent. on the other side, particularly as this money, which is practically taken out of the wage fund of the country, will require to be replaced to a very great degree by other moneys borrowed at a much higher rate of interest outside of the country. There are two sides to the question, as the hon. gentleman will perceive. I quite agree that it is not desirable that the Government of the country should violently or frequently change the rate of interest; but that is a matter which ought to be very carefully considered. I was not speaking of an imaginary case, but of an actual case, that while the banks would not give more than 3 per cent. on deposits, the hon. Minister was paying 4 per cent. I would go a good way to encourage the deposits of the poorer classes; but there comes up a question which my hon. friend raised whether the limit of \$3,000 is not too large. A man who has \$3,000 to his credit in hard cash is not to be considered a very poor man, and for that reason among others I think the hon. Minister would do well to consider the question of decreasing the rate. The House ought to understand that the hon. Minister is paying largely above the market value of money, whether at $4\frac{1}{2}$ or $4\frac{3}{4}$ per cent. If he could succeed, as he intimated to us, in borrowing money at $3\frac{1}{2}$ per cent. in England, he is still paying largely in excess of

Sir RICHARD CARTWRIGHT.

the market value, making allowance for commissions and other charges. I would be glad if the hon. Minister would just briefly state how he stands just now with relation to our London agents.

Sir LEONARD TILLEY. The hon. gentleman knows that the commission we pay is $\frac{1}{2}$ per cent. upon the coupons as they fall due, because that was his own arrangement. The hon. gentleman says that I stated that I expected to get money at $3\frac{1}{2}$ per cent. I did not say that. I stated the other day that agents advised us to issue a short loan at ten years at 4 per cent., because the redemption of the other would not be at par, but about equivalent to our 4 per cent. loan; but when that 4 per cent. loan matured our $3\frac{1}{2}$ per cents. would probably be at par. I did not intend to convey that money could be got at $3\frac{1}{2}$ per cent.

Mr. BLAKE. I think the real practical question at this moment is the maximum. There is no doubt that the present rule has been abused; that is, that other persons than those for whose special benefit these savings banks are established avail themselves of them; and it is not to be forgotten that the observation the hon. gentleman made with regard to minor losses of interest through the broken periods, applies more to the cares of the smaller depositors than the larger. The larger depositors, who can make their own arrangements, and who use these savings banks as a means of investment, are very likely to divide at the end or beginning of the month and lose very little in that way; but the smaller depositor, who wants a savings bank to put his money into, who cannot derive any profit from his money unless he does so, and who requires more hurriedly to take it out, is the person who is most likely to be the loser by the broken periods. That is an added reason for reducing the maximum. It was formerly found that \$10,000 was too large, and it was reduced to its present figure; but it is said that sums are broken now, and stand in the names of different depositors, though belonging to one person. That is a dishonourable arrangement, and the circumstance that it exists under the present limit of \$3,000 is an indication that you may still further reduce the limit without exposing yourself to any more danger than at present. Perhaps when I said it was a dishonourable practice, I used too strong a word; it is an evasion, at any rate, of the regulation. I think, therefore, that what we have to consider is whether the policy of the Government, in reducing the maximum from \$10,000 to \$3,000, should be extended further or not. I agree with my hon. friend that when you get up to \$3,000, you get beyond the point at which we can talk of the working classes. So far as my experience goes, if a workingman has over \$3,000, he invests it, and very properly so, in a homestead or in real estate, instead of putting it into a savings bank.

Sir LEONARD TILLEY. Our agents have an instruction that if a person brings in a large sum to be deposited, it is to be taken for a long time, in order to check the practice referred to.

Mr. STAIRS. I do not think the limit at present fixed is too high. I know cases in which mechanics in Halifax have the savings of a lifetime in the savings bank, and to whom it would be a great inconvenience to have to take their money out.

It being Six o'clock, the Speaker left the Chair.

After Recess.

The House again resolved itself into Committee of Supply.

Mr. BLAKE. There are accounts and papers with reference to a considerable and probably long standing defalcation in the savings banks, as I understand the statements in the papers, and I am anxious to know if any defect has