

form of the funded debt by substituting one class of securities for another, provided the annual charge for interest be not increased, and to effect temporary loans for a limited time, and at a limited rate of interest in cases of temporary deficiency in the consolidated revenue fund to meet the charges on it.

The 1st and 2nd Resolutions, being read a second time, were agreed to.

Mr. CARTWRIGHT moved, in amendment, seconded by **Mr. GODIN**,

That all the words after "That" to the end of the Question, be left out, and the words "whereas, on the 31st December, 1865, the various Banks of the late Province of Canada held the sum of \$7,594,170, in gold, against a circulation of \$12,128,772—being in the proportion of 62 per cent of the said circulation,—and whereas the Banks of Quebec and Ontario (forming the said Province), held on the 31st December, 1871, the sum of \$6,526,072 in gold, as against a circulation of \$22,919,342, being in the proportion of 28 per cent of the said circulation,—and whereas the result of the recent financial measures introduced by the Government has been, to a great extent, to replace a paper currency directly based upon gold, by a paper currency based upon another paper currency, this House views with alarm the proposition of the Government to still further diminish a comparatively small reserve of bullion now remaining in this country; that the power proposed to be conferred by the measures now before the House, will practically enable the Ministry of the day to effect loans to a large amount with any Bank or Banks they may see fit, and that it is not expedient to entrust any Government with such power without special consent of Parliament in each case,—and lastly that the general result of the modifications proposed to be introduced into the present Law, will be to interweave the interests of the various Banking institutions of the Dominion with the Government still more closely than at present,—whereas it is extremely desirable that the national finances should be kept as far as possible independent of and unaffected by the fluctuations to which the trade and commerce of every country are constantly exposed."

He claimed the indulgence of the House for trespassing upon their time with so dry a subject. He called attention to the preamble of the amendment and stated that he had always contended that the Government were dangerously diminishing the bullion held in this country. He had no doubt that the Finance Minister would give the usual answer that in the first instance the banks hold a very large amount of legal tenders in the shape of Government notes, which are as good as gold; and have large bank balances available for the protection of their circulation. With respect to the legal tenders under the present law, the banks were bound to hold one-half of their cash reserves in legal tender notes, and although it was thought they could use them very much as gold, anybody who had paid any attention to the matter was aware that it was very questionable whether the Banks were at liberty to use these tenders in the same way as their gold reserves.

As regarded the Bank balances, although large, it should be remembered that the Returns of those balances included in some cases money that was not in the country. The balance in the case of the Bank of Montreal of 9 or 10 millions was the most actively employed capital they had and could not be considered as always available. The circulation of the Government notes consisted

principally of those of small denominations under four dollars, but the circulation of the Banks being in large notes they would, in times of sudden contraction, be more liable to return on their hands than small notes.

With reference to the first proposition in his amendment he might appeal to English practice to show the importance of retaining large reserves of bullion in the country, but under the circumstances he would merely call attention to the manifest fact that he had stated in his preamble as to his second proposition, he did not think it expedient to give any Ministry power to effect large loans with individual banks. Such power had been useful, but he considered it a dangerous precedent, one always liable to abuse.

The third proposition went deeper into the principles at issue. He had no doubt it might appear that the interest of the Banking Corporation should be interwoven with those of the Government, but he looked upon it in a different light. He looked upon the Government as being the custodian of the public credit, who should enforce the regulations which the House saw fit to adopt with regard to those corporations. If the Hon. Minister of Finance had spent here the fifteen years which he had devoted to the service of Her Majesty abroad he would know that the fears he expressed were either ill-grounded or visionary, that was, judging the future by the past; we were now in a state of great prosperity such as had not been known for a period of twenty years, and it was only necessary to refer to the Public Accounts to see that the revenue had increased at least fifty per cent in about two years.

But this state of things might not last, a reaction could come, and he hoped the results would not be so disastrous as they had been before. If disaster should come upon us, he believed that the policy now being adopted by the Government would make that disaster worse. But he knew that the banking institutions were the Government in the matter and that it would be hopeless to oppose them. The House knew that in the nature of things a reaction would take place and times of adversity would come. Their powerful pressure would be brought on the Government to induce them to issue additional currency, and to suspend specie payments. This had been done by the States possessing greater resources than we did.

He believed that we were creating a complicated system which it would be found difficult to undo, if circumstances of commercial stringency should threaten. It was with vicious systems very much like ill weeds, they grew apace, and sent down their roots a great distance. In moving the amendment now before the House he did so for the purpose of placing on record his protest against a system which he believed would be disastrous in the country.

Hon. Sir FRANCIS HINCKS was reminded by the hon. member for Lennox (Mr. Cartwright) of the boy who was constantly crying wolf, and all knew the result. After crying for a long time, his cry was disregarded, and he believed he came to an unfortunate end. (*Laughter.*) He thought the hon. gentleman had expended a great deal of eloquence and zeal upon a very small