

which is, no doubt, the kind of money referred to by Mr. Wallace, of any denomination you please, as fast as a printing press could strike them off, and distributed them indiscriminately to all classes, until they became so abundant that every housewife in the land could each morning light her fire with a handful of \$1,000 bills, it would not have the slightest effect on the rate of recompense paid a capitalist for the use of his capital. Without compensation he would not part with it, and to prevent that compensation being given by penal legislation or other restrictions would be the most direct and fatal blow that could be aimed at the prosperity and development of any country under existing social relations. If capital is being rapidly accumulated and abundant, the rate of interest or compensation will be small, if it is scarce or the security doubtful, the rate of interest will be proportionately high.

GOVERNMENT BONDS A LIEN ON THE COMMUNITY'S WEALTH.

"I think that the Government of this country can save the people of this country on the \$32,000,000 of bank circulation. There is no money afloat by paying out for the services rendered to their circulating notes that the people want to do business with, and save the interest that is paid on the \$32,000,000 of bank notes that are put in circulation, that are necessary for carrying on the business of the country. When the Government go to Great Britain to borrow money, what do they take? They take paper, they take the bonds of this country, over there and get money for it."

When a borrower, A, receives capital from a lender, B, A usually transfers to B in return a share in his (A's) interest in property owned by him on certain conditions set down in a piece of paper called a mortgage. Everyone knows that the paper is worthless, except as an abstract of the conditions of contract, so with the Government bonds. They constitute a lien on the entire wealth of the state, which the sheriffs, in their respective bailiwicks, would collect under the direction of the judiciary, if not otherwise provided for.

GOVERNMENT LOANS WOULD RAISE INTEREST.

If this Government proposed to raise its loans at home, it would so greatly raise the rate of interest against all other borrowers that every industry would stand in danger of being paralysed, if additional supplies did not pour in from other countries. I presume that the reason the Government go to London to float their loans is in expectation that they can borrow cheaper there than here. If they did not go there, it is probable that some of the London capital seeking investment would, on hearing of a Canadian loan, be sent hither for that purpose, but as the amount would be much less than in the London market, causing the competition of the lenders to be proportionally less active, the rate of interest would be higher. Therefore, it is not only in the interest of the taxpayers generally, but of borrowers, *i.e.*, all producers, particularly, that the Government should contract their loans in the cheapest market, because (1st) the taxes will be less, and (2nd) the productions of the country increased. In so far as the interest of the loan is so much abstracted from the annual income of