Sir RICHARD CARTWRIGHT. The hon. gentleman, while the discussion was proceeding, said something about not desiring to mix up the post office system with the savings bank system, more particularly under his own control. What was the special reason for making that statement? Because it occurred to me that many of the post offices in outlying places were very convenient offices in which to manage savings banks, and it could be done cheaply.

Sir LEONARD TILLEY. Where defalcations have taken place they have been almost exclusively committed by postmasters, not under the Post Office savings bank arrangement, but where they were agents for the Finance Department. These were effected in this way. Notices are sent from the Department to the depositors every quarter, stating the condition of their accounts. A postmaster who had not entered a deposit, when he saw this letter come from the Finance Department at Ottawa, destroyed it, and the result was that we did not obtain information until the defalcation had taken place. It was thus in the power of the postmaster to intercept communications between depositors and the Government, and in that way the difficulty occurred in the two or three cases to which I have referred.

Mr. DAVIES. I observe that the Finance Minister has returned over 330 Post Office savings banks in the Dominion. Perhaps the hon. gentleman will give some information respecting the system in the Maritime Provinces.

Sir LEONARD TILLEY. We had in the Maritime Provinces a different system from that which existed in Ontario and Quebec. In the latter two Provinces it was mainly carried on through the Post Office Department and was under the directions of the Postmaster General. In the lower Provinces we had a different system of Goverment savings banks; these have been continued and still exist. The Post Office Department has not established offices because we have made other arrangements, and their establishment would entail additional expense.

Mr. DAVIES. I am anxious to have the Post Office system extended to the Maritime Provinces if possible. I see that the average expense of the Post Office savings banks is $4\frac{1}{4}$ per cent. It does not appear to cost more than under the system in force in the Maritime Provinces.

Mr. BLAKE. Is it the working classes who use these savings banks in the Maritime Provinces?

Sir LEONARD TILLEY. Yes.

Mr. VAIL. With the exception of Halifax and St. John no large sums are deposited. It might be an advantage to decrease the amount allowed to be deposited $3,000, and increase the number of savings banks.

Sir LEONARD TILLEY. That is the principle on which we have acted. When the hon gentleman was in the Government he took $10,000 from one depositor. We have reduced the limit to $3,000 and have thus gone on in the direction indicated.

Mr. VAIL. I am not finding fault.

Mr. DAVIES. The hon. gentleman is doing very well. In the Maritime Provinces capitalists formerly used the savings banks for the investment of very large sums, and many trustees who had amounts of $10,000 were glad to have the privilege of investing them there. I know many instances myself of this kind. I think the change made is a desirable one, being in the direction of enabling the people to take advantage of these banks for their deposits.

Mr. VAIL. I mentioned one case last year where a party had $30,000 invested in the bank; $10,000 in his own name, $10,000 in his wife's name, and $10,000 in the names of his children.

Sir LEONARD TILLEY. The moment it came to the notice of the Department it was ordered to be paid back.

Mr. DALY. The hon. gentleman will not say that this was a permanent investment, because if it is the case to which reference was made, the money was there only for a time waiting investment of a more permanent character. Such instances are known—and they have come within my personal knowledge—where money is invested in the savings bank until investment in mortgages or otherwise at a higher rate of interest are offered. I do not think savings banks are used to a large extent in the manner suggested.

Mr. VAIL. There is not the same necessity for giving them privileges of this kind as there is for the poorer classes who deposit their money for safe keeping, or as a permanent investment.

Mr. STAIRS. I would like to ask the Finance Minister whether there is to be any provision for opening a savings bank in Dartmouth. There has been a strong memorial presented on that subject, and I think a good case has been made out. Though Halifax is near to Dartmouth the hours in that office are such that the people of Dartmouth cannot use it to any extent without considerable cost. I hope if it is not provided for in these Estimates the Government will consider it during the recess and make provision for it next year.

Mr. DAVIES. If the town of Dartmouth, which is so close to Halifax, that you can cross over to it for one or two cents, is to have a savings bank, what is to be said of large counties where there are 40,000 or 50,000 farmers who are perhaps 40 miles away from a savings bank?

Mr. STAIRS. We will endeavour to get a savings bank in Dartmouth if we possibly can, as I think it is needed, and I suppose farmers who are living 40 or 50 miles away from savings banks should have them too.

Mr. HESSON. I concur in the desirability of giving al possible facilities for people to make these deposits, and although 4 per cent. is paid on these deposits, and one quarter per cent. for cost of management, it would still represent a much cheaper rate as a loan to the Government than anything they can get in a foreign market. I notice that about $23,000 is paid for commissions on the payment of interest by our agents in the old country, and that would be saved by obtaining the loan here. By giving facilities for deposits in these banks, we not only get our money at a cheaper rate of interest, but the interest remains in the country instead of being exported. I think that in that regard there has been a great improvement within the last few years, as our foreign indebtedness has to some extent become a home indebtedness, and I hope further efforts will be made in that direction as quickly as possible. I am informed that money is becoming cheap to-day, and that the banks will not take money on the understanding that they are to pay anything like 3 or 4 per cent.; and as the depositors in savings banks are limited to from $1,000 to $3,000, they are the class whom we should encourage into a system of saving. For these reasons, I think that every possible facility should be given to such depositors.

Sir RICHARD CARTWRIGHT. I may point out that the cost is $65,000 on $26,000,000; whereas the cost on the $100,000,000, which is about what is represented by $4,000,000, is about $23,000. So the hon. gentleman will see that there is a marked difference between the sum paid in that respect for the management of the debt and the sum paid here. I would like to ask the hon. Minister what he proposes to do should the interests on money at call fall, as it has done before, considerably below 4 per cent. At the present moment I do not think that difficulty is likely to arise because my information differs from that of the hon.