

ment securities in the open market, or whether he proposes to prescribe to them a certain class of securities to be furnished by the Government?

Hon. Mr. ROSE.—Not at all. We will allow them to purchase the securities in the open market. They have already a large amount on hand, and proper arrangements will be made to see that the Banks have it in their power to gain what advantage they can, by purchasing on the best terms open to them. We certainly do not mean to restrict them as to this.

I have stated what the amount to be provided would be on the average circulation. I shall now state what it would be on the highest circulation: The highest circulation, 1868 (October), was..... \$15,120,252
20 per cent on that for specie reserve—would be..... 3,024,050
One-seventh of \$13,730,727 call deposits, held at that time is..... 1,968,675

Total amount to be provided by the Banks for the highest circulation	\$20,112,977
Specie held at that time.....	\$8,750,043
Government securities now held.....	3,035,206
	<hr/>
	11,785,249

Being a difference of..... \$8,327,728
Which is but 7.9 per cent per annum for the next seven years on the highest circulation (\$15,120,252), and 2.3 per cent per annum for the same time on the highest discounts (\$51,995,950). In these calculations I have put the case in the most unfavorable way for the Government, having included in them the Government circulation, that is, the circulation of the Dominion Notes. I should have stated that, in the operation of this scheme, we propose to discontinue and to absorb the present direct circulation of Dominion Notes; that the power of the Government to issue these notes shall be withdrawn, and that an absorption of the present Dominion Note circulation shall take place, as fast as the wants of the country for a circulating medium are otherwise provided for.

HON. MR. HOLTON.—Will the new Bank Notes have the quality of legal tenders?

HON. MR. ROSE.—Undoubtedly. I shall come to that point presently. I have stated that on the basis of the highest circulation, the amount to be provided in seven years would be \$8,327,728. That is supposing the specie held in reserve for the highest Government circulation, \$925,950, is not available. This ought not perhaps to be excluded from the circulation, because I have given the gross circulation at the highest figure including that of the Government. If that specie held by the Government is deducted, the amount to be provided on the basis of the highest circulation will be reduced to \$7,401,778, which is 7.05 per cent per annum for seven years on the highest circulation, and 2.03 per cent per annum for the same time on the highest discounts. Such will be the operation of the measure, as it affects the Banks as a whole. (Hear).