

after, I found something to justify my opinion. Probably there are not five honorable members of this House who would not have agreed with my honorable friend opposite, that the payment of that money had nothing to do with the depression.

Hon. Mr. CAMPBELL—That was not my view. I don't think anyone doubts those payments of gold had something to do with it.

Hon. Mr. WILMOT—The London *Economist* gives a general resume of the commercial and financial history of 1875, and it is the organ of the great financiers in London, which may be called the clearing house of the financial world. It says:—"It is now possible, by the aid of experience, to see pretty clearly what have been the general causes which have led to the diffused commercial suffering of the last two years and a half. The first, and the most powerful of these causes, was the Franco-German war; the payment of the indemnity of 220 millions sterling by France to Germany." I formed my opinion from long practical acquaintance in these matters, an experience in the trade, manufactures and agriculture of this country for the last fifty years and its legislation for over thirty, and I, therefore, speak with some knowledge of the subject. In 1866 the great cause of the depression was the large export of the precious metal from Great Britain to the East for the purchase of cotton, &c., which had previously been imported from the Southern States, and was paid for in British manufactures. It was the effect of the currency, which is the life blood of trade, for the withdrawal of it affected the whole fabric of credit to an extent probably of twenty times the amount, for as the gold goes out, the paper circulation must come in. I am satisfied, from my examination of this subject of money, that fixing the price of gold is radically unsound and unscientific. I read a very clever article written by my honorable friend opposite, from Toronto (Hon. Mr. Macpherson), to Sir John Rose, on the subject of the existing banking system. Many of his opinions I certainly concur in, but to a certain portion I am opposed. In the letter he opposes a Government issue, and he speaks of the elasticity of our banking system, by which the crops can be moved whenever it is requisite, by the issue of banking notes. Now, I say that our circulation, whatever it is, should be, no doubt, about the security, and the views I hold are supported by the first financial men in the British Parliament. We all know Mr. Gladstone is a high authority in finance. So also is Sir Stafford Northcote. They and several other members of

the House of Commons have studied this financial question thoroughly. Mr. Palmer, Deputy Governor of the Bank of England, was authorized by the Bank to give evidence before a committee of the House of Commons upon the subject of banks of issue in 1875, and the Committee gathered a vast deal of information from banks on the subject. It is an extraordinary fact that those banks which had not the power to issue made the largest dividends. The question is asked Mr. Palmer: "I think you said that you would maintain the existing restrictions upon banks of issue in England, in order to drive them, if possible into the renunciation of their issues?" And he answers: "As a matter of public policy, I would not remove any disability under which they now labor." The Scotch banks wished to go into England in order to establish branches. Then the question is asked: "You would continue the restrictions, with a view of gently compelling them to give up their issues?" And he replies: "Yes, if they can be induced to do it I think that it would be an advantage to the public;" and he goes on to give his reasons why the issue should be a State issue, and it is the prevailing opinion among the highest financial authorities in England that the issue should proceed from the State, and banking should be free, but the currency should be thoroughly secured. The day must come—if we are to go on borrowing money in Great Britain to build the Pacific Railroad—when a revolution of our monetary system will be forced upon us in some shape, either that of bankruptcy. But referring again to my honorable friend's pamphlet, in which he speaks of moving the crops. How is it done? By the issue of bank notes. But bank notes are not money; they are simply evidences of debt. These are issued to the public at the cost of the printing and the paper, and what do they get in exchange? They get the values of the country on notes issued with the promise to pay gold, which the bank returns show they do not hold, and the parties who give the property pay them interest; therefore, the bank got the interest in place of the public. With regard to the issue of Dominion notes, I am strongly of the opinion, from my examination of the course of trade, that they have been of great advantage to the country, but a great portion of them are held by the banks which issue their own notes upon them. I entirely disapprove of the bill brought in by the honorable Secretary of State to limit those issues. They are the soundest issues we could have, and the public should have the benefit of that circulation in place of the banks. Referring again to the course of