

he is becoming to a very great extent the sole custodian of the gold reserve of the country. Every bank return shows that more and more. He has got to furnish gold on a certain call to an extent which was not known in former years. However, what I want to know is how much he proposes to hold? He has now got about \$42,000,000 in the savings bank, and in Dominion notes payable at call. That is about the position, roughly.

Sir LEONARD TILLEY. Forty per cent. is held by the banks—about \$10,000,000 of it. That cannot be presented and payable on call very well.

Sir RICHARD CARTWRIGHT. They are only compelled to hold it in certain contingencies. The hon. gentleman will remember that that contingency is one which may or may not occur—we are speaking of possible contingencies. What I want to ascertain is exactly how much the hon. gentleman thinks it is necessary to hold in reserve. He has his \$3,000,000 in gold; he has got £600,000 sterling and the guaranteed 4 per cent. of the Imperial Government, which of course, are as good as gold, and I have no doubt he could use them as floaters at an hour's notice. Besides that he has a special reserve of \$2,000,000 which he proposes to keep for meeting just such demands. Now, there is one point on which I think the hon. gentleman's memory is at fault. In my time they altered the law, so that for certain amounts notes were issued. You must hold gold for the whole amount of extra issue. It was not nearly 25 per cent.; and after a certain point you had to hold gold for every dollar you issued, and that he did away with. Well that was of no great consequence so long as these deposits remained small, but it becomes another question when they run up to sums like \$42,000,000. Now, I do not think the hon. gentleman, as I said, is in any very great risk of having to provide large sums for redeeming circulation; I think his precautions are probably sufficient for that. But the other matter is of somewhat more consequence, I want to ascertain about what the hon. gentleman thinks is the cost to the country of borrowing money through savings banks. There is first the 4 per cent.; there is next what he says is $\frac{1}{2}$ per cent., that is $4\frac{1}{2}$ per cent. that it costs us. Is this amount of \$2,000,000 intended to be held always at interest or not?

Sir LEONARD TILLEY. These are Dominion bonds bearing 4 per cent., therefore there is no interest.

Sir RICHARD CARTWRIGHT. In that case I am speaking of what he keeps in the banks to meet these special demands.

Sir LEONARD TILLEY. That is 4 per cent.

Sir RICHARD CARTWRIGHT. So that there is no loss upon that; so that we might then consider that supposing the reserve to be sufficient—of which I am not quite sure; probably future events will disclose that—from $4\frac{1}{2}$ per cent. to $4\frac{3}{4}$ per cent. according to his calculation, will cover the cost to the country of borrowing this money. That is his calculation?

Sir LEONARD TILLEY. Yes.

Sir RICHARD CARTWRIGHT. But that is on the hypothesis that \$2,000,000 will be sufficient. Well, Sir, I see here some little increases made. By the way I suppose the Winnipeg allowance is an allowance for the extra expense of living at Winnipeg.

Sir LEONARD TILLEY. Yes; of course it is more expensive living there than it is in Ottawa, but the impression is that that state of things will not always continue, because when the country is opened up fuel and other articles will be more in accordance with what is charged here. Therefore it was not desirable to fix the salary permanently at a higher rate, because, as the hon. gentleman knows well

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it is difficult to cut it down again when once you have established it. Therefore the principle was adopted of paying about the same rate of salary as is paid here, and then giving a certain percentage as board allowance, varying it according to the amount of salary, though the small salaries receive a larger percentage than the higher salaries. We gave what was considered about sufficient to pay the additional expense of living there, and we can regulate the scale. At the present time it is not as expensive as it was a year ago, and therefore there is not as much paid to some of the officers.

Sir RICHARD CARTWRIGHT. The hon. gentleman says it is not as expensive as it was a year ago, but he asks for \$50 more.

Sir LEONARD TILLEY. That is for an officer who has been in the North-West a long time, I presume. Length of service entitles most of the officers to an increase.

Sir RICHARD CARTWRIGHT. But the hon. gentleman will see that the increase ought to have been among the \$5,700, in the line above.

Sir LEONARD TILLEY. That is just what he would receive if he were here; he would receive that \$50, although the amount paid additional has no reference to this. That is what he would be entitled to here.

Sir RICHARD CARTWRIGHT. The hon. gentleman does not understand me. He said the board allowance was made to meet the expenses of living in Winnipeg, which, he said, had been decreased, and that is true. They are less now than they were a year ago, as I can answer from my own personal knowledge. But notwithstanding that, he has increased this board allowance. His argument would have been quite good if it had been to increase the permanent allowance.

Sir LEONARD TILLEY. That is not the board allowance. I think it is an increase of salary without reference to board allowance. It is probably in the wrong place.

Sir RICHARD CARTWRIGHT. I see an increase of \$1,000 for Victoria. What is the cause of that?

Sir LEONARD TILLEY. An additional officer.

Sir RICHARD CARTWRIGHT. Is there only one savings bank there?

Sir LEONARD TILLEY. There is one in Victoria, one in Nanaimo, and one in New Westminster—three in all. A very large sum is deposited in Victoria.

Mr. VAIL. I find from the return of the savings banks of Nova Scotia that in thirteen of them there has been an increase of \$100,000.

Sir RICHARD CARTWRIGHT. I perceive here an increase of \$1,300. I suppose that is due to the increased number of officers that the hon. gentleman employs.

Sir LEONARD TILLEY. Yes, in part. The hon. gentleman will see that, according to the scale of salaries, they range from \$200 to \$400. If an officer was receiving \$200, and the deposits increased to \$30,000 or \$40,000, then he would be entitled, under the scale, to receive another \$100. The hon. member for Digby (Mr. Vail), has just now pointed out that there has been a large increase in Nova Scotia, and it is the cause of the increase throughout the country generally that these parties are entitled to an increased salary of \$50 or \$100, as the case may be, according to the increase of deposits.

Sir RICHARD CARTWRIGHT. Can the hon. gentleman state the total amount of deposits in the savings banks?

Sir LEONARD TILLEY. I think the last return showed \$26,000,000, and since then \$1,750,000, in round numbers, has been added over the withdrawals.