

of holding dollar for dollar of the legal tenders which they hand to the banks. I do not think it would be a politic thing. I do not think that bankers of the best standing in this community would advise that it should be done. Let my hon. friend remember this—that is practically the only gold reserve existing in Canada. The amount of specie alone held by the banks is quite insignificant in comparison with their liabilities. All they hold is specie and legal tenders. These legal tenders they have a right to draw from the government at an hour's notice, and it would be highly impolitic for us to let that reserve be depleted. We should retain a much stronger reserve for this purpose than twenty or twenty-five per cent. I am in favour of retaining our reserve as we have always had it, and that is dollar for dollar after we have made reasonable provision for our circulation.

Hon. Mr. LOUGHEED—I have it from an authoritative source that the reserve is twenty-five per cent on the circulation up to thirty millions, and after thirty millions it is dollar for dollar.

Hon. Sir RICHARD CARTWRIGHT—That is right. We are talking of rather different things. I was referring to the question as to whether it was not politic to diminish the gold reserve of forty-four or forty-five millions, or whatever it might be now in the hands of the government. My impression is that having regard to the fact that that is held by us in place of having had it remain in the banks, it would not be wise for us greatly to diminish it.

Hon. Mr. FERGUSON—Then the statement made by the Toronto 'Globe' two or three days ago, that it was the intention of the government to introduce a measure reducing the amount of the reserve to be held, was not made with authority.

Hon. Sir RICHARD CARTWRIGHT—No statement of that kind has been made with authority. The question is one for debate. It may be possibly found that we have a few millions more than are required. I doubt it myself—I am speaking here individually. The thing is a question which is far beyond and far above mere party interest or the mere necessities of the moment. The solvency and the credit of the Canadian

banks depend, as everybody knows, upon their being able to pay in gold every obligation they have, and particularly for the notes that they put in circulation. Now it is quite true that where you have notes in circulation you do not require to maintain anything like so large a reserve as we hold against our legal tenders. My point is this: the reserve we hold, although nominally held against circulation, is not really so except so far as the ones, twos, and fours out in circulation—is not really held against circulation at all. It was originally taken from the banks. If we had let the banks alone they would have held instead of fourteen or fifteen millions in gold probably fifty or sixty millions gold to-day. I think they have fifteen millions and we have forty-five or sixty millions in all. I do not think that is too large a sum for us to base the whole fabric of our credit upon; that is my opinion at any rate. As I say, it may be that we could dispense with a small portion of it, though I would be sorry to see that done. I say that frankly. I would rather preserve the gold reserve we have now. Our case is not the case which exists in England where, as hon. gentlemen probably know, they have a note circulation of large amounts. Five pounds, I think, is their lowest figure, whereas ours is about five shillings of paper money, and they have a very large amount of gold and specie in the hands of the public at large. We have nothing of that. Outside of the banks and government reserve there is no gold in Canada, and it is therefore doubly desirable that the government should retain a very considerable sum of gold in our hands. The hon. gentleman also referred to the desirability, as he thought, of our discontinuing our savings banks, and throwing the deposit receipts we now have into the general working fund. There again, of course, there will be differences of opinion. I am inclined to think that it is for the advantage of the people of Canada that they should have, those of them who choose, the absolute security for their savings which the government alone can afford. I have not the slightest doubt that the deposits in the vast majority of our banks are perfectly safe, but they are not always and invariably to be regarded as so safe as the security which the government affords,