

part. He remembered the time when he could buy Government notes for 20 per cent discount—when the notes of a people of 40,000,000 were only worth 40 cents on the dollar. He was afraid that the principle on which we were acting would lead to a far worse state of things; for the Bill was entirely a step in the wrong direction. In 1879 and 1870, the whole of the discounts of the Banks of Ontario and Quebec were about \$56 000,000, while they had reached some \$94,000,000 at the present time; but he was unable to account in a legitimate way for so large an increase. He believed the present measure would lead to undue expansion and speculation, and sooner or later disturb business and bring about a financial crisis. No bank doing a correct business would advance money except for a sufficient equivalent, but here the Government proposed to issue without giving the country good security. He did not see anything in the measure with respect to the disposing of the notes—they might favor one institution to the injury of the others. Under any circumstances the amount of reserve should be much larger—at least 40 per cent.

Hon. Mr. BENSON was of the same opinion with those who urged that the principle of the Bill was not safe. He must express his strong objection to a system which made no restriction as to the amount of issue. He had every confidence in the finances of Canada, but at the same time he must urge that the amount of reserve be raised to 40 per cent. at least, and the amount of issue be limited.

Hon. Mr. CAMPBELL denied that there had been any breach of faith whatever with the banks. Parliament placed on the Statute Book a law reserving to the Government the right to issue notes within a certain denomination, and giving the banks privilege of issuing notes of a different denomination, besides relieving them of their taxes. The necessities of the country demanded that there should be an additional issue of one dollar notes. It was idle to say that a rule laid down at a certain period was to last for all time to come. If there was really a necessity for the augmentation of one dollar notes, then it was absurd to say we should be tied down by a cast iron rule applicable to different circumstances. His hon. friends thought there should be an increase of the specie reserve; but it should be remembered that the banks were not obliged to hold a single dollar in specie; and if that was considered safe in the case of those institutions, it ought to be so certainly in the

case of the Dominion which was liable for, and able to meet all its own liabilities. The Government could have no object in view in proposing such a measure except to meet the requirements of the country. No Ministry would dare to favor one bank by giving it the control of the greater part of the issue; the Bank returns were published from week to week, and the amount of their deposits could be easily seen. He admitted that there must be a basis in gold, but he did not understand that the Finance Minister was particularly wedded to the amount of reserve. He had great respect for the opinions of hon. gentlemen who had spoken on the question, and would take the earliest opportunity of consulting the Finance Minister on the subject.

Hon. Mr. SIMPSON said that five gentlemen, deputed by Banking institutions had waited on a member of the Cabinet who took the leading part on this question, and had come to an understanding with him.

Hon. Mr. BOTSFORD said that a limit of some kind should be fixed to the issue of notes.

Hon. Mr. NORTHUP was inclined to the opinion that the measure, on the whole, would be acceptable to Nova Scotia. Some 80 per cent. of the Dominion notes would get into circulation, and the currency of the whole country in that way benefited. The best security which the Dominion had lay in the prudence of the Finance Minister and in the standing of the Banks. The Finance Minister would not issue money except to meet the public necessities, and certainly he would not advance it to any Bank unless he had confidence in its management and discretion, and that he could ascertain from the returns and other means open to him. He felt that the Nova Scotia Banks, managed as they were by discreet Directors, might be safely entrusted with the circulation. Under all the circumstances, having given the measure his careful consideration he was quite prepared to accept it as devised in the interests of the country.

The Bill was read a second time.

The House then adjourned.

TUESDAY, May 21.

The SPEAKER took the Chair at three o'clock.

After presentation of petitions

DIVORCE.

Hon. Mr. CAMPBELL, from the Select Committee, reported that one of the witnesses called to give evidence respecting the divorce case, refused to be sworn. He