

not propose to return to the limit originally fixed by Sir FRANCIS HICKS, because the business and trade of the country, the number of banks and the volume of their liabilities, had increased considerably in the meantime; but he had proposed to fix a certain limit beyond which they should hold dollar for dollar. That limit was \$12,000,000. For notes below \$12,000,000 and above \$9,000,000 held by the Government it was proposed to hold 50 per cent., instead of 35 per cent., as at present. He was inclined to think from his own experience that if this modification were adopted in the future very little inconvenience would be felt from these periodical drains on our specie. Whatever might be the ultimate decision the Government might arrive at on this whole question, it required the most careful consideration. While on this subject he might say that it must be obvious to the House that when this gold drain to which he had alluded should exceed its ordinary proportions—when it would be necessary to send several millions of dollars to England to pay our remittances—rather serious inconvenience might occur. It was quite clear that if the present system were continued, and the reserve were maintained at 35 per cent., these gold drains would go on from year to year, and, as it was quite impossible for the Government to protect themselves against such drains except by calling in deposits, which would hamper the commerce of the country, the limit proposed at which dollar for dollar should be held should be fixed. He had had some considerable doubt in his own mind as to whether there should be two-thirds held between \$9,000,000 and \$12,000,000, but his object was to hold no more than the necessities of the case required. He was willing to give the 50 per cent. reserve a fair trial before asking for further legislation on the subject. The only provisions in the Bill were those to which he alluded.

Hon. Mr. HOLTON said he was disposed to regard with a good deal of favor the proposition which the hon. Minister of Finance had just submitted to the House, but he presumed his hon. friend regarded this measure as only a provisional one. The hon. gentleman, like himself, was opposed *in toto* to the introduction of the system of legal tender. A good many of the evils that had been fore-

Hon. Mr. Cartwright.

told by the opponents of that system were beginning to develop themselves, and, in fact, had been developing themselves almost from the start. But opposition to a measure at its inception, and the entire abrogation of it after it had been for several years in operation, were two very distinct things. We were not at all now in the position that we were in when he opposed the introduction of the legal tender system. We had to deal with existing facts, and in the light of existing facts he was disposed to regard this measure which he conceived to be merely provisional with a good deal of favour. It would be the duty of the Minister of Finance he thought to consider the whole question of legal tenders at a very early day. He did not propose to raise a discussion on the introduction of this Bill, but he felt it his duty to take this early opportunity of stating that as a provisional measure the Bill now introduced was one worthy of the favorable consideration of the House.

Mr. PLUMB said no one could object to any measure that would give greater stability to our financial position; but he failed to see that any of the evils referred to by the hon. member from Chateauguay had followed the introduction of the legal tender system. He hoped, therefore, that this proposed measure would not be merely a provisional one, for it was better to put up with a few evils than to have an unsettled financial system.

Bill read a first time.

BILLS INTRODUCED.

The following Bills were introduced and read a first time:

Mr. DEVLIN—To amend the act incorporating the Montreal Board of Trade.

Mr. MURRAY—To incorporate the Upper Ottawa Improvement Company.

PENITENTIARIES.

Hon. Mr. FOURNIER introduced a Bill respecting penitentiaries, and the inspectors thereof. He explained that the chief amendment proposed to the existing law was to substitute for the present Board of Directors, an Inspector who should be an officer of the Department of Justice acting under the immediate control of the Minister of Justice. The clause embodying this alteration was as follows:—

“It shall be the duty of the Minister of Justice to require and obtain from the Inspector an