

or thousands of pounds does he expect to save ?

Mr. FOSTER. I cannot expect to save many thousands of pounds in the management, because what we have paid altogether is a comparatively small amount. We paid 1 per cent before, and we shall pay one-quarter of 1 per cent now, on the issue of loans, so that the saving will depend on the amount issued in comparison with the preceding term. On the management, for payment of interest, I find that we paid in 1891-92 about \$43,700, and, under the offer of the Bank of Montreal, we will pay about \$30,000, a saving of \$13,000 per year. I may say that the offer of the Barings and Glyn, Mills & Co., this year contemplated on that sum, \$51,100, so that, as regards that offer, we will save about \$21,000 per year.

Sir RICHARD CARTWRIGHT. Does the Bank of Montreal agree to advance any definite sum in case of need ?

Mr. FOSTER. Yes. We have an understanding with the Bank of Montreal by which it will advance to us for temporary needs something in the neighbourhood of from two to three million dollars per year. Of course that must be on the understanding that we shall not, as it would not be to our interest to, run temporary loans for too long periods. But suppose we take the present instance, having gone for a loan last year, a loan which was simply to arrange for matters to the end of the year and put us on an equal footing, it would not be wise, of course, as my hon. friend knows, to go on the market within two or three, or possibly four years. During that period we have an arrangement with the Bank of Montreal, by which they will advance to us at reasonable and current rates, accommodation to the amount of two or three million dollars per year.

Sir RICHARD CARTWRIGHT. Do you mean by that you can draw on them to the extent of two or three million dollars each year ?

Mr. FOSTER. I mean to say they will accommodate us to that amount each year.

Sir RICHARD CARTWRIGHT. And you can get \$2,000,000 out of them, if necessary, during the three years ?

Mr. FOSTER. That is the arrangement between us.

Sir RICHARD CARTWRIGHT. Did the other agents make any similar offer ?

Mr. FOSTER. They made an offer ; but it did not contemplate giving us so large an amount ? I do not remember exactly the limit, but it was not so large as that offered by our present agent.

Sir RICHARD CARTWRIGHT. There is no doubt that the figures given by the Minister of Finance, particularly for floating loans,

Sir RICHARD CARTWRIGHT.

are very low indeed. Does that one-quarter per cent include brokerage ?

Mr. FOSTER. Brokerage is always extra.

Sir RICHARD CARTWRIGHT. The whole question is one which would bear a good deal of discussion pro and con. I cannot offer a positive opinion on the subject further than that I trust the Minister of Finance has very well considered the effect which the step he has taken might have upon our credit under certain very possible conditions of the London money market. I always knew myself that we could obtain from the Bank of Montreal, as well as from other Canadian banks, terms for negotiating loans and for managing our interest in London considerably below what was likely to be granted by firms like Glyn, Mills & Company, or the Barings, who are now recovering somewhat of their old standing I am happy to hear. But the ground which was taken by Finance Ministers in former days, and, I think, with a good deal of reason, was this : That it was worth the while of Canada to pay a fair market rate, not too much, for the purpose of obtaining the assistance and support in negotiating their loans in England of two or three London houses of the highest possible standing. There is no doubt that is worth something to us. I have no doubt whatever that the Bank of Montreal will do all the ordinary work connected with floating our loans excellently well, and I dare say that it will not be excessively profitable to them, although no doubt they will make both ends meet. But if a crisis were to arise in this country and it were necessary to borrow money temporarily, the hon. gentleman might find that the arrangements which he has made would be possibly inconvenient. The Bank of Montreal are our agents on this side of the Atlantic as well as on the other, and as a mere matter of ordinary prudence, I am not sure that we are doing a very wise thing in having the same persons as our bankers on both sides of the Atlantic. What was done in the case of Australasia, if I remember aright, was that the Australasian colonies entered into an agreement with a powerful corporation of banks, having their headquarters in London. I can easily see that the hon. gentleman, under certain contingencies, might find that the very small saving in proportion to the magnitude of our transactions was rather dearly purchased. The Bank of Montreal, no doubt, is a very excellent institution, and it has got large sums of money at command ; but I am doing no injustice whatever to it in saying that it is at least a questionable point whether in an emergency they would command the confidence of the London money market to the extent that the late agents of Canada did. Although it is a matter within the purview of the Government, I for my part have considerable doubts as to whether a wise discretion has been exercised in severing the connection which subsisted for at least fifty years between old Canada and the Dominion