

Mr. FOSTER. You mean the interest on deposits?

Sir RICHARD CARTWRIGHT. Yes, as to whether any arrangement has been made, or is likely to be made with the banks on this subject, so as to create something like a uniformity, and prevent heavy loss.

Mr. FOSTER. That is a subject which has been engaging my attention for the last four or five months, and although I am not able to make any definite statement now, I may say that the Government has been in communication with the banks with that end in view, and that so far the prospects seem—I think I may say—fair towards that conclusion which will, I think, be beneficial all round. I would not like to make a more explicit statement at the present time upon that subject, but simply to say to my hon. friend that it is engaging my attention and that communications are at present being had upon it. It would be desirable for the banks, and desirable for us as large holders of deposits, that a uniform and fair rate of interest should be agreed upon, if it can be agreed upon.

Sir RICHARD CARTWRIGHT. There is one other point which I would like a little information about. I do not know exactly what relations the hon. gentleman has with our chief bank; that is to say, the Bank of Montreal; but it still continues practically to all intents and purposes the Government bank. I observe that the bank has been in a number of instances rather outbidding the Government whose banker it is. It seemed to me a rather strange proceeding that the Bank of Montreal, which is the Government banker, should be offering a higher rate of interest for deposits than the Government are paying, in the shape of savings banks opened, as one might say, almost in direct competition with the Government in many places. Has the hon. gentleman any information to give on that point, which is a distinct and specific point in the administration?

Mr. FOSTER. No changes have been made in the relations between the Government, so far as its deposits and business is concerned, and the Bank of Montreal—which, as my hon. friend says, is the chief bank with which we do our business—except this: that, possibly, the Bank of Montreal may have had, during the past year, reason for complaining that the usual amount of money kept on deposit was not kept on deposit by us, we having been obliged to let it run very low at times. The Bank of Montreal has established a savings bank branch. It has had to do that, possibly, to some extent on account of the competition of other banks, but I do not think it was the first, by any means, to introduce the system. The arrangement which is possible and about which we had a conversation a few moments ago, may obviate that to a certain extent; that is, it may eventuate in a uniform rate.

Sir RICHARD CARTWRIGHT. The only reason that I make that remark is this: that, unless the circumstances had been very exceptional, the spectacle of the Government banker outbidding the Government for deposits, as was done in a great many cases, is peculiar, to say the least of it, and there is no doubt that the Government lost heavily under the operation, and that a very considerable number of deposits were transferred straight to

the Bank of Montreal. Now, had the Bank of Montreal no communication with the Government, there is not a word to say; but, in the very close relation which the Bank of Montreal is to the Government, it strikes me as slightly peculiar they should have done a thing of that kind, unless by previous conference with the Government.

Mr. MULOCK. How many different holders are there of Canadian stock? The reason I ask the question is that each year we have an item of \$36,000 odd, being one-half of 1 per cent., for paying out the interest on the Government debt. The work of distributing dividends is merely clerical work, and \$36,000 a year for distributing a little over \$7,000,000 does strike one as a pretty high figure.

Mr. FOSTER. My hon. friend will recollect that this matter has been up for years; and ever since Confederation we are under an agreement with agents by which certain commissions are paid to them, commissions on the negotiations of loans and on the payment of interest. If we take the net percentage of the ten years preceding this ten year period, we will find that the amounts which we paid were much larger than those which we are paying now. The last arrangement, which was made in 1882, I think, contemplated an existence of ten years, and the rates were largely reduced from what had been previously paid for all these services. That arrangement is subject to denunciation in 1892. I have already been in communication with our agents, and when we can revise that, we shall go over the whole matter with a view of making, if possible, better arrangements. However, it has been a fundamental principle hitherto that we must have the aid of strong and reputable houses in London in making our loans, and we have always found it the wisest course in doing our work there. I do not know whether any revision can be made which will result more favourably. That remains to be seen.

Sir RICHARD CARTWRIGHT. I observed, as I think everybody did, with great regret, that one of our financial agents, the house of Baring Bros., had been compelled to suspend and go into liquidation. I am aware that no loss was sustained by the Government; but at the same time, when this item is up, it is necessary for us to know first of all whether the Barings, or rather the limited liability firm which takes their name, are retained as the agents of the Government for the time being, and also what their intentions may be. Without in the slightest degree desiring to reflect on Baring Bros., who are always, I believe, so far as we were concerned, very useful and valuable friends, it is a matter of grave question whether their successors are able to render services at all commensurate with those rendered by the great house of Baring Bros.

Mr. FOSTER. I may say that the present firm of Baring Bros. are retained as our agents. Of course, one cannot say very much about that; but it is a matter that is engaging the consideration of the Government. My deputy is over in London just now in connection with some financial transactions which we are carrying on. He was over last year in connection with a temporary loan, at the time the troubles were at the acute stage; and, on consideration of the matter then, it was considered advisable, under all the circumstances, not to