

already done a great deal to promote the monetary circulation of the country; for it was not long since very many complaints were coming in of the inconvenience and loss arising from the existence of a depreciated currency; and no one undertook to remedy the difficulty until the present Finance Minister came into office. The persons who suffered principally by this depreciated currency were the small dealers and merchants throughout the country, and many of them had to pay as a daily operation at the rate of 5 per cent. on the \$100 to get rid of the coin, and the consequence was financial embarrassment time and again. He did not understand why the Finance Minister should not state the amount he intended to raise. Perhaps he proposed making a great financial stroke, place the money he would borrow for public works in the different banks and receive interest on it, while he circulated as many notes as he wished. He regretted that we had not now in this country a banking system like that in the United States, which would enable persons with a much smaller capital than \$200,000 to establish banks. He would like such institutions in towns and villages, with a capital of \$50,000. At present, the system was calculated to benefit only the wholesale merchants, but he wished to assist the farmers and small dealers in addition throughout the rural districts, but he had every confidence that the time would soon come when we would have a more liberal banking law. He could see evidence pointing to the establishment ere long of a Bank of Issue by the Government. In the meantime, however, for the reasons he had stated, he must give his support to the measure before the House.

Hon. Mr. WARK believed the present Bill was a departure from the system heretofore established in this country. The first \$5,000,000 issued required four millions of debentures and one of gold. The second four millions required one of gold also. Accordingly, the issue of nine millions required seven of debentures, and two of gold. Then we had to follow the practice of the Bank of England and issue every additional dollar on condition that it be redeemed in gold. He believed that the system so far had been profitable to the country, but it was an experiment the result of which had hardly yet been shown. It might be compared to the experience of a new Insurance Company; premiums came in very rapidly whilst the losses were small; but the time might arrive when embarrassment and complications would ensue. He was of opinion that we should

proceed with caution and not push the system to extremes. The effect of the proposed change, he believed, was to withdraw gold from the country. He knew that the Finance Minister expected that the additional issue would be in smaller notes; but it did not follow that the banks would put one dollar more of the money into circulation than was actually necessary to meet the demand of their customers. If anything beyond that was actually needed for the necessities of the country was issued, it would go into the vaults of the Bank and form part of their cash reserve, and gold would go gradually out of the country. In England the business was done with sovereigns. The Banks did not issue any notes under five pounds; but here there was paper as low as one and two dollars. The amount of cash reserves held in this country was some \$14,000,000, and assuming \$7,000,000 of that was in Dominion notes, then there was \$7,000,000 in gold, and if the Government held \$3,000,000 more, that made \$10,000,000 to represent the whole gold of the country. Indeed, it was a very rare thing to see gold passing in ordinary business transactions. Since the Union of the Provinces the country had been generally prosperous—no financial crisis had occurred, no difficulty had arisen to prevent the circulation being kept afloat; but in case of a monetary crisis, embarrassment might arise, and it was against such a contingency that Parliament should guard. Under all the circumstances he recommended caution, and a limitation to the accommodation which the Banks should receive. He did not believe there was any security in a paper currency—it was like a lottery.

Hon. Mr. SIMPSON said if we had the power to legislate so that other countries would take our notes as gold, hon. gentlemen might be right in the conclusions they come to; but the Chinese would not sell us their silks or teas without receiving what they considered the true equivalent. He did not think that the experience of the world had found out any currency equal to gold. He held that there was no safe banking unless there was a proper equivalent at the basis of the circulation. If a bank issued \$10 or 12,000,000, they had an equivalent in the shape of merchandise. True the Government had the whole country—they could impose additional taxes; but, nevertheless, they had no true commercial equivalent to fall back upon. He contended that the Bill was a breach of faith with the Banks, who agreed to surrender their rights on certain conditions, which they had fulfilled on their