

because they also are custodians of the funds of the people?

I wish to say one more word in closing, which, while not exactly relating to the resolution of my hon. friend, does have a very important bearing on our currency system. The sooner we can make our gold coins in Ottawa, at the Royal Mint, the better for Canada. I hope my hon. friend the Minister of Finance (Mr. Fielding) will, as soon as may be, erect a refinery at the mint, so that the gold shall be minted into coin and the coin circulated throughout the country. I have a feeling that this Bankers' Association is not very desirous that gold shall be minted in Canada, for for every five-dollar gold piece you get circulated there is one five-dollar note retired. It remains to be seen how much of this gold, when it is minted, will be absorbed. But we have the mint, we have the gold; and it seems to me that it is reasonable to ask that coins be made as soon as possible.

Mr. WM. ROCHE (Halifax). I think that the members of the House are indebted to the three professional gentlemen who have taken the pains to study this question and who have given us their matured observations on this very important subject. The few remarks that I shall make are not intended as antagonistic to the observations of my hon. friend from Stormont (Mr. Pringle), many of which were interesting, some novel and some instructive. I rise rather to present the practical side of the case. My hon. friend from Stormont, and I think my hon. friend from East Grey (Mr. Sproule), will not contradict me when I say that they exhibited, very forcibly, as their manner is, the popular side of this question. And sometimes the popular side does not convey the whole truth. Perhaps people who have had practical acquaintance with the banking side of the question may be able to offer observations which would to some extent modify the extreme views expressed the other way. My hon. friend from Stormont gave a category of the causes which had led to the stringency of money. Perhaps he did not give all the causes. He said that wars had taken place in which there was a large expenditure of money. But the main cause of the stringency of money, both in the United States and Canada, was the expansion of commercial enterprise, the construction of material works and the absorption of large amounts of capital in the payment for railways, canals, steamships and other enterprises absorbing the fluctuating and floating capital of the country. It is quite true that money fluctuates—that is, that the apparent quantity of money varies, and that the rates of interest and the ease with which money is transmitted from hand to hand vary at different times. Five or six years ago, I believe, some well-instructed bankers thought that money would long continue to be in excess and the rate

of interest very low. I believe that some conservative bankers even invested considerable sums of money in consolidated stocks at a low rate of interest, because they could not exactly decide how much the rate of interest should be reduced. But according to circumstances, some of which were related by my hon. friend from Stormont and others, the amount of circulating capital was reduced and the necessity of business exceeded the supply of money. I think my hon. friend from Stormont gave us the complaint of some of the western and smaller banks and their customers, farmers and others, that they did not receive a sufficient quantity of money to carry on their business and meet their notes, because of the larger banks, more to the eastward, I suppose, not giving accommodation to these banks, in consequence of which the smaller banks were not able to give accommodation to their customers. The complaint came, I presume, from the customers of the smaller banks and from the smaller banks themselves. My hon. friend from Stormont (Mr. Pringle) went on to say that the western banks complained in this way, and that there was an advantage in the United States from the fact that the smaller banks were able to contribute more, and that the larger banks did not restrict them so much as in Canada. Mr. Henry Clews, of New York, wrote a letter, in which he stated that the stringency of money did not arise from the loans and business done in large cities, and especially in New York, but it arose from the fact that the smaller banks in the western states, and in the country generally, undertook to do more business than their capital warranted, and their demand was upon the New York banks for accommodation and for money upon the security of their stocks. Now, when we consider, we see that the larger banks in the great cities had responded to the commercial needs and the commercial necessities, and that it was not their fault that the money stringency occurred, but simply as a matter of prudence in restricting the operations of the western banks.

My hon. friend from Stormont went on to show the advantage of state banks over what might be called national or general banks. I think history does not bear him out in that respect as regards the United States. We all know that the banking system of the United States was inaugurated by Alexander Hamilton about the time the constitution was formed, and if we go back to about the term of General Jackson in 1833, we find he took all the money out of the bank of the United States and loaned it to the state banks. Their money was speedily absorbed, principally in western land speculations, and in the increasing commerce of that day, until about 1837 all the banks of the United States, and particularly the state and smaller banks were