

outlets of the country, and settling down in the United States. These young men can work well on railroads, or on new lands. The projected railroad works and the fortifications should be put under contract at once, and stem this tide of emigration to the States, and encourage and promote immigration from the countries of Europe to our shores. There was no time to lose, as the evil was gaining ground rapidly. When we once lose this class of settlers we can never again induce them to return—hence the urgency of some immediate active measures being adopted to remedy this deplorable state of affairs.

Hon. Mr. Wark said, as a great part of the Intercolonial railway would be built through New Brunswick, he would state that their Local Legislature had passed a bill authorizing the Government to grant land to settlers for one shilling an acre. No one could ask for land cheaper than to get one hundred acres for \$20.

Hon. Mr. McCully said his hon. friend (Mr. Ferrier) spoke as if the Intercolonial railway was not to be under contract at all, but that the policy of the Government was to have this road built by day work. He (Mr. McCully) had never understood that that was the intention of the Government; if it was it would create a very great sensation.

Hon. Mr. Campbell—No, it is not the intention.

Hon. Mr. McCully remarked his hon. friend had said "the Government were going to build the road under Commissioners," and also remarked, that heretofore large contracts had been let, as though it was not the intention to let the present road by contract. He (Mr. McCully) knew of a very wealthy company from New York, who were waiting to make their tenders for contracts on that line.

Hon. Mr. Ferrier said he did not intimate that the road would not be built by contract, but he spoke of each of the four or five Commissioners taking a separate portion of the road to superintend, and this is what they should do.

Hon. Mr. Simpson would like to get information from some of the hon. members, where this valuable Government land was to be found. When he was young he had tried for several years to find a good tract of land to settle upon, and when at last he did purchase a tract, he found he had a hard bargain, for it was all rock. His hon. friend had spoken of

there being good land in the region of Lake Huron, but he went up to the head of Lake Huron last year and remained there a week, but he did not see this good land, and he would like to be put in possession of information as to where it was. He had there met Indians from the Red River settlement, and from all the information he could get, he could not find a spot yet where he could recommend a son of his, or even a servant, to go and make a home. He had been trying for several years to find a suitable place where immigrants could be asked to go and settle, but he had been unsuccessful. He had been in localities where companies owned whole townships, where the settlers had left, because they could not live there, the soil not being anything but rock. We have very fine lands in Upper Canada; we have the Western Peninsula which contains very valuable land, but it is all taken up, and you will now have to pay speculators \$15 per acre for land that cost them only \$1.50 per acre. Our farmers were leaving Canada and going to the West because no encouragement is given to the industrial resources of the country, and while we encourage one immigrant to come in we allow ten of our intelligent young men to leave and find a home in the United States.

Hon. Mr. Skead remarked that his hon. friend had told them that he had been to the head of Lake Superior to look for good land. He (Mr. Skead) would recommend him when looking for good land not to follow the lake shores, but to go back in the interior of the country. He then went on to mention tracts of land which were of superior quality to any land in the United States.

The motion was then adopted.

A message was received from the House of Commons with a Bill intituled: "An Act to amend an Act respecting the Statutes of Canada." Read a first time, and second reading ordered for to-morrow.

Hon. Mr. Benson wished to call the attention of the House to a report of the dredging of the old channel through Lake St. Clair by the American Government, and proposed to ask to-morrow whether the Dominion Government had taken, or intended to take, any measures to secure the use of that channel for Canadian vessels.

SUBSTITUTION OF DOMINION NOTES FOR BANK NOTES

Hon. Mr. Campbell moved the second reading of the Bill to enable Banks in any part of

Canada to use notes of the Dominion, instead of using their own.

Hon. Mr. Macpherson said the object of the bill appeared to be two-fold, first to arrange with the banks to surrender their power to issue notes, and secondly to provide for the circulation of Dominion notes throughout the Dominion. Under the present system part of the circulation of the country is in Dominion notes, and part in notes of the banks. It is impossible for this two-fold system to continue, and the Government must either adopt this Dominion bank note system, or retrace their steps and leave the entire circulation of the country to the banks. He (Mr. Macpherson) hoped the latter course would be their policy, but he feared from their introducing this bill that it was not. He would infer that it was the desire of the Government to introduce the Dominion note system, until it absorbed the entire circulation of the country. The interests of the country forbid the introduction of a system which authorizes the Government to issue notes and redeem them on presentation. He believed the system was unsuited to the requirements of the country, and it was undesirable and unwise to place the whole banking system of the country in the hands of the Government, as it would lead to unfortunate results. He felt as strongly as any one could do that it was the duty of the Government to provide a secure currency, but he thought that might be done without taking the circulation into its own hands. If the Government undertook the issue and redemption of the currency, it would be uniting the finances and politics of the country, which he thought would be very objectionable, and would, he feared, lead to disaster. It would be a system of centralization, opposed to the habits and opinions of the country, destroying that individual enterprise and resource so valuable, in guarding against danger. It would cause all to lean upon the Government in time of panic, when it would be made to appear that the easy and only remedy would be a suspension of specie payments. Political influence would be brought to bear, which he feared the Government would not be able to resist. Its position would make it only too ready to issue the proclamation of suspension—for it must be understood, that the difficulties of the Government might be very great in providing specie, to redeem the Dominion notes. It is quite time that this bill provides for debentures being held by the Receiver-General for an amount equal to the Dominion notes in circulation for the purpose of being

sold to provide specie, but he (Mr. M.) need not tell the House that in times of panic Government securities, like all other securities, become depreciated, and unsaleable. This was true even of British Consols. Another objection to a Government Bank was the absence of that power of expansion, which was so indispensable in carrying on the trade of this country, and particularly that of Ontario. To prove this, he would read statements which he had had prepared of the circulation. He would begin with that of 1865, the last year before the issue of Provincial notes. For the first eight months of that year the circulation varied very little. It ranged from \$8,761,239 to \$8,066,202. In August it stood at \$8,445,068. In September it increased to \$11,347,890, an increase of very nearly \$3,000,000. In October it ran up to \$14,158,313, a further increase of nearly \$3,000,000. It then began to decline, and in November fell to \$13,338,598, and in December to \$12,128,772. He would now read an estimate for the same year, of the circulation of Ontario and Quebec separately. In preparing this, he assumed that two-thirds of the circulation of the Bank of Montreal and the Bank of British North America, was in the Province of Ontario. With respect to other banks he assumed that their circulation was all in the Province where their head offices were situated, although he knew this was not strictly correct, for he was aware that a large proportion of the notes of the City Bank of Montreal, and the Quebec Bank circulated in Ontario, and he also believed a larger proportion of the circulation of the Banks of Montreal and British North America, than he had assumed. He was persuaded that in his estimate he had largely understated the circulation of Ontario, but it could not be ascertained precisely, and he preferred to err on that side. According to that estimate the circulation in the Province of Quebec from January to August, inclusive, varied from two millions and a third to a little exceeding two millions and a-half. In September it increased to \$3,642,760. In November it fell to \$3,365,260, and in December to \$3,097,221. In the Province of Ontario for the first eight months of that year the circulation varied from five millions and three quarters to six millions and a quarter, standing on the 31st of August at \$6,074,692. In the following month, September, it increased to \$8,341,822, being an increase of nearly two millions and a third. In October it increased to \$10,515,553, being a further increase of upwards of two millions, an increase of nearly four millions and a half during the two months when the

chief portion of the harvest of Ontario is being removed to market. In November it declined to \$9,973,338, and in December to \$9,031,551. He would leave hon. gentlemen to imagine what the consequences would have been in Ontario had our system of currency not admitted of expansion. He would now read a statement of the circulation of last year, 1867, after provincial notes had very nearly taken the place of the circulation of the Bank of Montreal. In this year the circulation was lower during the months in which expansion usually took place, than in 1865.

Hon. Mr. Ryan—What amount?

Hon. Mr. Macpherson—It was larger in the early months of the year. In January it was \$13,148,478; in February, \$13,298,958; in March, \$12,813,694; in April, \$12,254,924; in May, June, July, and August, about \$11,500,000; in September, \$12,357,663; in October, \$13,678,762; then a decline in November to \$12,620,023, and in December to \$12,087,515. At no time did it reach the circulation of October 1865, when it exceeded \$14,000,000. This was, no doubt, due to the crisis that followed the suspension of the Commercial Bank; and he believed that hon. gentlemen from Ontario would agree with him that the contraction of the currency, that then took place, bore very heavily and prejudicially upon the interests of that Province. He had prepared, and held in his hand, an estimate for 1867, of the circulation of Ontario and Quebec separately—made in the same manner as the similar estimate for 1865; and assuming that Provincial Notes payable at Montreal, were circulating in Ontario, and that those payable at Toronto were circulating in the Province of Quebec, but he would not trouble the House by reading the details. It had varied less than in 1865 ranging in the Province of Quebec from about \$3,000,000 to \$3,600,000, and in the Province of Ontario from a little over \$8,000,000 to about \$10,250,000. (Some conversation here took place between the **Hon. Mr. Macpherson** and the **Hon. Mr. Ryan**, which was inaudible in the gallery.) The **Hon. Mr. Macpherson** then went on to say that the cost of money would be increased by the withdrawal of the circulation of the banks, that in the past the people of Canada had on the whole obtained money at a cheap rate. The profits of the banks had been

moderate, perhaps under 7 per cent. on the average. A large proportion of that profit was obtained from circulation; and if that source were dried up it would have to come out of the borrower direct. In this country, and he supposed in all countries the great majority of the people are borrowers, and are interested in seeing that the price of money is not needlessly enhanced. The lender will take care that he is remunerated in one way or other. He (**Mr. Macpherson**) would now call the attention of the House to the inducements offered to banks to come under the operation of this bill. They are offered at the rate of 5 per cent. per annum upon their circulation as it stood on 30th April, 1866, from the time they may come in, until the expiration of their charters in 1870. It was well known that the circulation of some of the banks had materially decreased, especially in the Province of Quebec. In the Province of Ontario, the circulation of all the banks, except two, had increased. It was known to the House, that by their charters the banks were required to hold 10 per cent of their capital in public securities. By coming under this Act they would be relieved of this burden, and entitled to receive Dominion notes for the amount of the securities they so held. The hon. gentleman then said that as the hour of adjournment was so near, he would not detain the House any longer, but might have something more to say when the bill was under consideration in Committee of the Whole, when he would move that the clause and schedule of which he now gave notice be added to this bill.

The following is the clause and schedule referred to, viz.:—

Instead of the statement of its liabilities and assets, which any bank is now required by its charter, or by law to make up, the statements specified and defined in the schedule to this Act are hereby substituted, and every such bank now by law required to make such statement, shall in place and instead thereof, cause to be made up to the last day of each month, in every year, not being a Sunday or holiday, and to be published in the *Canada Gazette*, a statement of the liabilities and assets of such Bank, in the form and containing the particulars shewn in the schedule of this Act, and such statement shall be verified by the declaration of some one of the Directors, or by the cashier or some like officer of the bank, having a knowledge of the truth of the contents of such statement.

BANK RETURN.—RETURN TO BE MADE TO GOVERNMENT.

*Capital Authorized, \$—Capital Subscribed,
\$—Capital paid up, \$—*

Liabilities

1. Circulation.
2. Government deposits, payable on demand.
3. Other deposits, payable on demand.
4. Government deposits, payable after notice.
5. Other deposits, payable after notice.
6. Due to other banks in Canada.
7. Due to other banks in Canada.

Assets

1. Specie.
2. Provincial notes.
3. Notes of other banks.
4. Balances due from other banks in Canada.
5. Balances due from other banks not in Canada.
6. Government debentures or stock.
7. Notes and bills discounted for individuals, and current.
8. Notes and bills discounted for individuals, and overdue.
9. Loans and advances on current account, or discounts to the Government.
10. Loans, discounts or advances on current account to Corporations.
11. Loans, discounts or advances on current account to directors, or firms of which directors are members.
12. Overdue debts secured by mortgage or other deed of real estate.
13. Real estate, the property of the bank, other than bank premises.
14. Bank premises.

With columns indicating the proportions of liabilities and assets in the respective Provinces.

Hon. Mr. Campbell said, as it was near their time for adjourning, they had better have the bill read a second time and resume the discussion, when they went into Committee on the bill.

Hon. Mr. Reesor remarked that if they passed the second reading of the bill, they affirmed the principle; it would be better to postpone the debate.

Hon. Mr. Campbell said they could discuss the Bill just as fairly in Committee, if it was understood that we were not now committed to the principle of the bill.

Hon. Mr. Reesor thought they either ought to sanction the principle of the bill now, or discuss it with the Speaker in the Chair.

Hon. Mr. Wilmot thought it was much better to discuss it in Committee.

Hon. Mr. Bureau said as the bill involved a matter of very great importance, it should be discussed with the Speaker in the Chair.

Hon. Mr. Campbell remarked that it could be discussed with the Speaker in the Chair, upon the motion to go into Committee.

Hon. Mr. Bureau thought they should deal with questions of such importance in the ordinary course.

Hon. Mr. McCully said if there was any intention to move that the bill be postponed for three months, it should be discussed with the Speaker in the Chair.

Hon. Mr. Sanborn said the bill was deserving of much consideration before it was read a second time. The speeches made when the Speaker was in the Chair, would be more at length, more formal, and more instructive, than if the House was in Committee, because then the House would get more disorganized, and the debates would be more of a conversational character.

Hon. Mr. Campbell said that in deference to the views of hon. members he would now move that the debate be adjourned, and stand for the first order of the day tomorrow.

The motion was then adopted.

The Bill intituled "An Act constituting the Department of Inland Revenue," was then read a second time, and ordered to be committed to a Committee of the whole House tomorrow.

The following Bills were received by message from the House of Commons, and read a first time:

"An Act respecting the Geological Survey of Canada."

"An Act to impose a duty on foreign reprints of British copyright works."

The House then adjourned.