

troubles in the United States, short crops and other causes had caused a depression in Upper Canada; but that this, I considered, was merely temporary, and that with one or two good crops all this would disappear.

HON. J. S. MACDONALD—But these are hard truths which I have been reading. And I think it is better to tell frankly our condition, than to base our estimates on a condition which we do not really enjoy. Let us not send out extravagant statements about our situation which will not stand the test of an impartial scrutiny. Let us rather make known here and in the Mother Country our real resources, than make false representations of a state of prosperity which does not exist. Then this is our prospect, as stated by the editor of the *Trade Review*, and honorable gentlemen must remember that our present prospects have a great deal to do with the course they should take in legislating on the future constitution of our government:—

A very general degree of anxiety is apparent among mercantile men as to the prospects of a healthy trade during the coming season. There are so many unfavourable circumstances combining to affect our commerce, that this anxiety is by no means without a cause. Excessive importations last year, implying large internal and foreign indebtedness; decreased exports, equally implying inability to readily reduce this indebtedness, are facts that in themselves are sufficient to create a marked change in the immediate condition of trade. There can be no doubt but that the grain crop throughout Western Canada falls short of even diminished expectation, the fine sleighing of the past two months having failed to induce deliveries to any large extent by farmers. Taking into account, however, that throughout the autumn the deliveries were insignificant, it was generally anticipated that during the winter the amount of produce to be brought out would be very large. But unfortunately, notwithstanding a continuance of excellent roads, a very great pressure for money, and a fair demand at moderate rates, at no point in all the province have the receipts yet reached those of previous years. The only inference is, that the crop is not only a short one, but that the money being realised for it falls far short of general expectation. The result must be to materially lessen the debt-paying power of the people, and render them less likely to make new purchases. Not only will this be the internal effect, but when it is understood that one section of the province will require for consumption very nearly all the surplus produce of the other, the difficulty to discharge foreign indebtedness is intensified."

MR. SPEAKER, I again quote from the *Trade Review*. It tells us that the pro-

bable excess in Upper Canada will be more than swallowed up in Lower Canada. The article goes on to say:—

Another cause for anxiety is the general condition in which the retail trade of the country is found. The numerous failures that are daily occurring, and the wretched dividends which real estates are likely to pay, indicate a condition of things not at all desirable. Not only is there constantly apparent a manifest lack of capacity, but, as we remarked last week, a degree of raciality is being developed, which cannot fail to be highly injurious to general confidence. We do not now propose to enumerate the causes for these frequent casualties, or point out the policy of trade that has induced them: it is sufficient to say, that recent events make it more than usually incumbent upon importers to scan their credits very closely; to lessen large amounts in few hands; and to use every legitimate precaution for safety rather than profit. We need hardly another cause to account for the anxiety of merchants as to the future. But another cause we have in the restricted policy which the banks will of necessity be compelled to pursue. All that we have been attempting to describe will act with far greater force upon the banks than upon individuals. A small movement of produce implies an equally small circulation of bills; any lack of confidence in the retail trade will hasten the policy which has been for some time evident, viz., the contraction into large cities of the means of the leading institutions. Even in the ordinary condition of affairs, the banks would not do other than contract in a year of short crops and low prices. But another cause for contraction will be the contemplated withdrawal of Southern gold now in deposit. The passage of the Alien Bill may have one of two effects,—1st, it may cause the withdrawal of a considerable sum of gold held by the banks; or 2nd, it will certainly necessitate preparation for such a withdrawal, should it even never take place. Either consequence implies a conversion into bullion of some property not now in that shape. The banks now unitedly hold five and a-half millions of dollars in gold, against which there is a circulation of notes of over nine millions. This proportion will doubtless be maintained, and any considerable drafts for deposits will be met by bills of exchange on England, the banks either using their credit there, which they can do with interest at five per cent., or they can sell the securities in which their foreign deposits are invested.

Sir, there is the future, drawn only last month, of the condition of Upper Canada—short crops and nothing to export, and nothing staring us in the face but actual distress and actual want. Then, if that is imminent, does it not behove us to regard closely the conduct of the gentlemen on the Treasury benches? We ought to admonish them not to go heedlessly and needlessly