

rights in the Maritime Provinces on the footing which already exists. Under these circumstances, we are forced to an examination of the existing provisions, and the effect they may have in future, if continued; also to a consideration of the propriety of having a uniform policy, by which the incorporation of our Banking institutions shall be hereafter guided. Of course, in adopting such a policy, all its bearings and details have to be very carefully considered, in regard to its possible operation on the public interests. I admit at once, as I am sure every member of this House must admit, that in the past, a prudent, conservative, and cautious management has on the whole distinguished the operation of the Banks, both of the Maritime Provinces and of the late Province of Canada. At the same time it is our duty to enquire whether we ought to perpetuate the provisions to which I have just now adverted; or whether in the enlarged sphere now being opened to us, the continuance of those provisions would not be a source of danger to the public interest. (Hear, hear.) It will be perceived at once, that, without any further restrictions than exist in the present Banking charters, it is possible for a Bank to begin its operations and to lend a large amount to the public in the shape of circulation, without having any capital actually paid in. When a certain number of persons have subscribed the amount of stock that is required to start a Bank, the notes of the subscribers for that stock may be discounted, and the Bank will thus get its circulation into the hands of the public with no real substantial capital to represent it, and no security to the public except the credit and the mere promise to pay of the individuals who have started the Bank. Any one can see that, so long as there are no better provisions than are found in the existing charters, it might be possible so to misuse the powers conferred on Banking institutions, as in this way to get afloat—with no specie behind it—a circulation equal in Ontario and Quebec to the full amount of the capital subscribed, in New Brunswick to twice, and in Nova Scotia to thrice that amount. I have to ask then the calm and deliberate consideration of the House and the country to these weak points in the existing system, and to the question whether or not they are to be perpetuated in the future. Then follows another difficulty. I have said that the circulation may be brought out without there being any capital behind it to represent it—but, even supposing the full amount of capital has been paid in, not merely in promissory notes of subscribers which they may get discounted, but in actual coin, so that a real *bona fide* capital has been subscribed and paid in, and a circulation issued, the House will see it is quite possible for that circulation to be kept up to the full amount permitted by the charter after the whole capital has been entirely annihilated, and there is nothing whatever left to which the public may look. For I would draw the attention of the House to the fact that there is no provision requiring any Bank to keep in its vaults an amount either of specie or of Government securities to represent its circulation. So that it is possible, I say, that the present system may be so misused that a Bank, without any paid in capital, may get its circulation into the hands of the public, and equally possible that that cir-