

District, and required as one of the conditions of the extended privileges, the increase of the capital stock of each to £250,000, of which, in each instance, at least £100,000 was to be subscribed before the bank began its new corporate existence.

After 1855 there was a steady falling off in the amount of securities deposited, notes outstanding against them, and notes in circulation. In the statement of 1856 the Provincial Bank and the Bank of the County of Elgin first appear, the former with a deposit of securities for \$120,000 and notes for the same amount, the latter with securities for \$100,000 and notes for \$79,950. The newly chartered banks appear to have been retiring their secured notes. The total bond deposits are \$1,114,633.33 (£278,658) and notes outstanding \$1,080,684 (£270,171). In 1857 the figures have fallen to \$770,319.33 and \$769,730. In 1858 they are \$730,503.33, and \$729,531, and the Molsons' and the Zimmerman Banks disappear from the list. In 1859 the bond deposits are \$730,503.33, and notes outstanding, \$699,531; in 1860, \$562,603.33, and \$495,631, of which the British Bank stands for \$440,933.33 and \$373,964, about \$100,000 less than in the statements for 1857 to 1859.

## V.

The failure of the system had received the attention of the Legislative Assembly at least three years before. On March 6th, 1857, the Hon. Wm. Cayley introduced a Bill to discontinue the incorporation of joint stock banks and the issue of registered notes. The merchants and moneyed men of the Province were generally in favor of the older chartered system, he said, and even in 1855, the Assembly had decided to perpetuate it. Its decided superiority had been shown by the action of the three banks which had retired their registered notes and continued their business under charters. Wm. Hamilton Merritt was still in the Assembly, and in reaffirming his responsibility for the first Free Banking Act, he declared with a lofty disdain of the facts, that it was the "best system adopted in any country from the beginning of the world to the present time." "The sole cause of its being inoperative in Canada," he contended, "was that it had not been honestly carried out." Mr. Cayley's