

ability instantly to redeem, and if its business dwindles, its circulation also dwindles. It cannot fly kites with its notes because the punishment is too swift. Let the Government once guarantee on the faith of the insurance fund provided by the banks, and you are paying a direct premium on the issue of dishonest currency. Apart from this, the Baltimore and Carlisle plans are different only in details not worth discussing at this moment. The great difference between these plans and the Canadian system is not in the principles, for these are nearly similar, but in the banks to which they would be applied. Can the franchise intrusted in Canada to a few banks with large capital, branches, and whose proportions are such that they are subject to the vigilant scrutiny of an unusually critical public, be safely entrusted to perhaps several thousand banks, in but few cases large enough to be the objects of anything but local scrutiny? I will not assert that it could not be done. In fact, I think it could. But this is a doubt so grave in the minds of many, that it is to them conclusive against these plans. But as far as I know, no other plan has been offered which is as effective in the direction of reform, and some plans are merely compromises between this new *theory* and such existing *facts* as the National and State banking systems.

But if the above, or any other principle respecting note issues, were accepted by the majority of bankers, and the question of State and Federal powers were harmoniously adjusted so that the system would be uniform, what are the other difficulties?

First. The new system would doubtless have to permit of the contemporary existence of the National Banking System with its present bond-secured notes, at least for a time. No change so radical as to destroy at once the bond-secured notes would be practicable.

Second. If such a great reform as the retirement of the war legal tenders, that part of the National debt which costs no interest, were approved by the people, it would doubtless only be in such a manner as to cause their gradual removal, and while the new bank-notes could only fill the gap left by such removal, the new banks should be ready to perform any purely banking functions which the Treasury might in this way be resigning, such as supplying gold for foreign shipments, etc.

Third. The above remarks also apply to the Treasury issues represented by silver dollars or silver bullion. When I turn to the invitation of your President, I find that I am asked to give "A Canadian view of the present financial situation in the United