some years, they will not venture to circulate so much paper, as would be convenient for the public, or beneficial to themselves. After these preliminary observations, it is time to point out, wherein the possible profits of a Bank consist, and how the public are secure under the operation of the issues in paper, indispensible to the production of such profits.

In the Bill before the house, the maximum of issues or debts in any shape, that the Bank can own, is restricted to three times the amount of specie in its coffers; and I shall put the argument in the extreme, for the sake of more forcibly illustrating the safety of the public, even should the Bank go to that extent.

Let it always be held in mind, that the Bank never issues notes without value received therefor, in some shape; and consequently *that value* is a security to the extent of the whole notes issued, and over and above that security, the public have the whole stock of the Bank. For example I shall suppose 50,000l. in gold and silver deposited in the Bank, when it commences its operation, and that it shall issue thrice that amount or 150,000l. in notes, How is that issue effected? Let A. B and C represent any number of individuals wishing to obtain Bank notes. They go to the directors in succession as their business renders expedient, and each produces 50,000l. in promissory notes, payable, at the utmost, 90 days afterwards, with D. E. and F. &c. as indorsers to each note, of whose solvability as well as that of the Drawers of the notes, the directors are satisfied. The Bank then receives such promissory notes, and pays to A.B. and C. the amount of them in Bank notes, first deducting the 90 days interest, which makes on the 150,000l about 2,250l. On receipt of such Bank notes, A. B. and C. go and pay the same away for wheat, flour, pot-ash, cattle, and other articles, whereby the notes get into general circulation. What security then have the Inhabitants, with such notes in their pockets, that they will really receive the value they represent? That security consists, in the first place, of the promissory notes of A. B. and C. indorsed or guaranteed by D. E. and F. &c. to an amount equal to that of the Bank notes in circulation; and further the 50,000l in specie deposited in the coffers of the Bank, with the abovesaid profit, in the shape of interest, of about 2,250l. In other words, unless the Bank shall sustain a loss exceeding the whole amount of its stock and neat previous profits, no creditor of the Bank can lose by it one shilling; and therefore it may safely be considered as certain, that without some unforeseen general calamity, that would destroy all property in whatsoever shape it may be (and consequently not affecting the friends of the Bank more than those of others) the holders of Bank notes could not suffer. The Bank derives its security against bad debts, from the essential principle of discounting paper due at periods so short, that no material difference is likely to arise, in the circumstances of its debtors, before such paper becomes payable; and further to every note discounted, there is required an indorser of good credit.

It will readily occur to every person of common understanding, that the extreme case above assumed for the sake of argument, viz. the discounting of 150,000l in promissory notes, all payable at 90 days thereafter, cannot happen in practice; for as the business of the Bank will be done gradually, and by discounting notes for any number of days to run between 3 and 90, there will always be a succession or revolving wheel of receipts and payments, in such manner that no very heavy sum can fall due at one time.

The utility of Banks, cannot perhaps be better illustrated, than by a reference to Scotland (at the time of introducing the first Bank there, and since) a country poor in comparison of England, of warlike habits, where the feudal tenures (since modified) prevailed in all their rigor, and its industry requiring a stimulus.

In the year 1695 (being the year after the Bank of England was first established) which it will be recollected was many years before the Union, a charter or corporate Bank was established at Edinburgh, called the Bank of Scotland, with a capital of 1,200,000l. Scots' money equal to 100,000l. Sterling, divided into shares of 1000l. Scots or 83l. 6d. 8d Sterling each; which let it be observed is little more than two fifths of the stock proposed for the Bank of Canada; or, if government take an interest therein, about one third of its stock. With this trifling resource, they began and prosecuted their operations, without an attempt at increasing their stock, until the year 1774, when upon application to parliament for an extension of their capital, an act was passed to authorise such extension to, in all, 200,000l. St.

In 1784 another act extended it to 300,000
1792 – – – – 600,000
1794 – – – – 1,000,000

The Royal Bank of Scotland, another Corporate Bank, was first instituted, at Edinburgh, in