

times without failure, but our pace was too slow for the public. And so "An Act to Establish Freedom of Banking in this Province, etc.," intended to create small banks without branches and with bank-notes based upon the securities of the Province, was passed. The history of this folly may be read elsewhere,* and it seems sufficient to say that within ten years the system had practically come to an end.

The other aberration from the path of virtue was connected with the finances of the Government. We have noticed that in Nova Scotia the Government had resorted to the issue of treasury notes as early as 1812, but the other parts of British North America had not been embarrassed by such currency. In old Canada, in 1860, the Minister of Finance had proposed the establishment of a provincial bank of issue, but this was not acceptable to the Legislature. In 1866, just preceding Confederation, however, power was obtained to issue notes which should be a legal tender and be payable in specie at Montreal and Toronto. When I tell you that the debt to the Government's bankers which caused this expedient to be resorted to was only about \$5,000,000, and that the maximum of these legal tender notes was fixed at \$8,000,000, while the whole note issue of the banks was only about \$10,000,000, you will realize how small the financial affairs of Canada were at the moment of that Confederation which has resulted in the Canada of to-day. An attempt was also made to induce the banks to surrender the powers of issue on receiving compensation, but this failed.†

In the history referred to, the development of our system of banking, both before and after Confederation, is dealt with, and I shall ask anyone interested in the subject to allow me to send him a copy of this book. I have sought now, however, merely to say enough to indicate how this system came into being, and, so far as it is necessary to refer to further changes in it, I shall do so without reference to chronology, directing any who are interested to Chapter IV.,

* "History of Banking in Canada;" Walker. 1896 and 1909. Page 41.

† Further details of this period may be found in Chap. III., p. 45 et seq., of the same history.