

hoped there would be no difficulty in making an arrangement with them. This was on the 16th or 17th of September, a month before the final difficulty arose which resulted in the suspension of payments by the Commercial Bank. I did not, after that, have occasion to meet the gentlemen connected with that Bank, further than to tell them that I had seen the Manager of the Bank of Montreal; and hoped, when they met him, they would be able to make a satisfactory arrangement. I subsequently heard, the same day or the next day, that an arrangement had been made for an advance of \$300,000, on a deposit of Commercial paper; and I had reason to hope the crisis in the affairs of the Bank had been averted. For some time I heard no more with reference to any difficulty as to the Commercial Bank. There seemed to be no alarm expressed through the public press—I observed no disquietude in the public mind; and I was under the impression that everything was going on in a satisfactory manner. But on Tuesday, 15th October, being on that day in Montreal, I was met by Mr. Cartwright and Mr. Holton, who informed me that the position of the Bank had within a very few days assumed again an alarming character—that the run of depositors, or rather the notices of the withdrawal of deposits, had increased to an extent that would, they were very much afraid, rapidly exhaust the resources of the Bank, and they were desirous that I would again meet the Board of Directors, in order to consider what steps should be taken. I met on Tuesday, 15th October, the Directors who were then in Montreal, Mr. Holton, Mr. Cartwright, Mr. Allan, Mr. Morris, and I think, Mr. Gildersleeve. We discussed very fully the position and resources of the Bank—considered the fact that its affairs had been subjected to a close scrutiny by three gentlemen whose names were themselves a guarantee for the accuracy of the report they had made—I mean Mr. Holton, Mr. Hugh Allan and Mr. Morris—gentlemen who had not been connected with the direction of the Bank, until appointed for the purpose of this enquiry. I was satisfied in my own mind, from the discussion which then took place, that the position of the Bank was one of merely temporary embarrassment, arising from an undue disquietude in the public mind, or in the minds of the depositors, and that a very short time and a very limited amount of assistance would be sufficient to enable them to overcome the difficulty. But I stated to the Directors that, inasmuch as Mr. King, the Manager of the Bank of Mont-

real, had arrived from England, and was expected to be in Montreal next morning, I would prefer postponing any decision as to the course I would recommend the Government to take, until the following day, and that I wished to have their sanction to communicate to Mr. King the information which had been conveyed by them to me. They agreed to this, and I promised to meet them again the following day at three o'clock. I met Mr. King on the Wednesday morning, immediately after his return from England, and we spent a very long interview—extending over two or three hours—in considering very fully the information with which those gentlemen had supplied me, and the position of the whole matter as it then stood. We considered, moreover, the effect which would probably be produced on the country, if the failure of the Commercial Bank became a fact. We looked into the condition, so far as the published statements enabled us to do so, of all the various Banks of the country, compared it with what it had been at previous periods, and considered what effect, according to the best of our judgment, the failure of the Commercial Bank, coming unexpectedly on the country, would have. The conclusion which both Mr. King and I arrived at, was that it might be fraught with very serious disasters indeed. Mr. King was doubtful whether any adequate assistance could or would be given by the other Banks. For himself, he said he had only just arrived in Canada, after an absence of some duration, and he could not even tell what was the position of the Bank of Montreal, as to its ability to give assistance, and he doubted whether aid to a sufficient amount could be obtained by application to the Banks. After, as I have said, several hours of very serious consideration of these points, I came to the conclusion, and it was acquiesced in by Mr. King, that the best course to take under the circumstances was this—that the Government should take the responsibility of coming to the assistance of the Bank, and that it would be well for me to submit the case to the Government, with a recommendation to give assistance to the amount of half a million of dollars. I met the Directors of the Bank at three o'clock, and informed them that, under the circumstances, I was prepared to accompany them to Ottawa the same night for the purpose of consulting my colleagues in regard to giving assistance to the Bank. I therefore left for Ottawa, and arrived there, with Mr. Cartwright, on Thursday, the 17th. I immediately saw Sir John A.