

come contrary to the interest of the community for the Banks to part with the Specie which was in their vaults.

The Notes in the hands of the public having been thus suddenly deprived of their value, the Specie in circulation, as well as that immured in the Banks' vaults, immediately rose in value; and when the intelligence of this event arrived here, it instantly became necessary for the Banks of Upper Canada to deliberate whether they would continue or suspend their Cash payments.

They determined to persist in their former course; and although it was anticipated that their coffers would be immediately exhausted, yet such has been the confidence which the Province has reposed in their probity and solvency, that the Notes of these Banks have, contrary to expectation, retained their value; and in the exchanges which are hourly effected throughout the Province, they and Specie are still at par.

From the period at which the Upper Canada Banks determined to stand to their engagements, up to the present day, I have not received from any one of them the slightest expression of regret at the course which they have pursued, or of apprehension respecting its results. On the contrary, from reports which have been forwarded to me by the Chartered Banks, it appears that the aggregate amount of Specie at present in their vaults is about two-thirds of the sum they possessed at the beginning of May.

From various quarters, however, it has been submitted to me by persons of considerable information:—1st. That if the present circumstances should continue, the Banks of this Province must inevitably be drained of their Specie, and 2ndly: That the wisdom of the Legislature, if it were convened, might possibly enact some law by which this calamity could be averted.

It is in compliance with this opinion and suggestion, that (at an unusual season, and so shortly after the close of an arduous and most useful Session,) the Provincial Parliament has been again assembled.

Speech at opening
of Session.

As I have reason to feel confidence in your judgment—as I have no theory to advocate—no desire to influence your deliberations—and no object in view except to co-operate with you in measures conducive to the real interests of the Province, I have but few observations to offer to you.

In case you should, on deliberation, be of opinion that no reaction is likely to take place in the neighboring Republic—that the Banks of Upper Canada must inevitably be drained of their Specie, and that for the foregoing reasons the Chartered Banks ought, under certain stipulations, to be empowered by the Legislature to continue their business without the necessity of redeeming their Notes by Cash, (notwithstanding that clause in their Charter which now forbids them to do so) you will, I feel confident, weigh fairly the advantages as well as the disadvantages, which the public would experience by the Banks suspending payments with their coffers full instead of empty.

It has been clearly explained to me that by suspending payment with their coffers full, the Banks would be saved the expense of replenishing their vaults whenever the moment should arrive for the resumption of their cash payments.

At the present rate of exchange this expense would amount to a certain percentage; and as the quantum of Specie which would be required is also very nearly a known quantity, you will be enabled from these data to estimate with considerable accuracy the amount or saving which the Banks would gain, by, at once, stopping payment with their coffers full.

On the other hand, you will, I feel confident, weigh with equal fairness, what the Province would lose by its Banks breaking faith with the public creditor on the grounds of a supposed necessity, or from the fear of expense and inconvenience: I mean, by the Legislature making in the existing laws any alteration which would have the effect of declaring to the holders of Bank Notes and of Government Debentures, that Upper Canada faithfully pays its debts on demand, so long only as it is the interest of the Inhabitants of the Province to do so.

You will, I am sure, not exclude from your consideration, what effect, if any, a declaration of this nature would have on the minds of the British people, whose wealth, we confess to them, we are in want of, and whose confidence it is our interest to maintain.

When the advantages and disadvantages—the profits as well as the loss, attendant on a suspension of payment by the Banks with their coffers full instead of