

tions of business, the sellers of commodities would continue to enjoy the privilege of fixing the price of their commodities, whether Bills of Exchange, wheat or merchandise, according to the value of the currency in which they were to be paid for the same: and they would take care to increase their price not less than enough to cover the depreciation of the currency, whether legal tender or not; and to compel parties to accept a depreciated currency, in payment of debts, would be so unjust that I will not believe Parliament will enact a measure to enforce it.

With respect to securing the note-holder, of course it should be done absolutely, but I fail to discover anything in the past experience of the country to call for the extraordinary provisions apparently intended to secure this end, set forth with remarkable prominence in the Government Resolutions.

It is undeniable that under our existing system there has been less loss to the note-holder than under any in Europe or America. If it be deemed advisable to increase the security of the note-holder, and I think it should be done, so as to render the currency safe and immediately redeemable beyond peradventure, it can be effected by simply declaring the notes a first charge on the assets of the Bank, including the double liability, and by providing an efficient Government inspection. If the same rule would apply in this as in the ordinary affairs of life—and I know of nothing to withdraw it from the influence of that rule—I submit that the most effectual way of securing the currency would be by strengthening the institutions through which it is put in circulation, and which are responsible for its redemption, viz:—the Banks. Instead of doing this, or at least leaving their strength unimpaired, you proposed to weaken them most seriously by withdrawing from them their capital to an amount equal to their circulation, the result of which would certainly be to increase the risk of their suspension or failure without increasing in the least the ultimate security of the Bank notes. The reasons are very obvious. The banks, instead of having their capital in hand as they have now, would have a large portion of it locked up in Government securities, inconvertible, so long as they were able to keep their doors open—and they would thus be reduced to carrying on their business mainly upon their deposits, that is upon their liabilities, payable on call or very short notice. Could anything be more unsound or perilous? We know, how in the cases of the Commercial and Royal Canadian Banks, the suspicion or knowledge that a portion of the capital was lost or locked up, excited alarm and produced a run upon them by both noteholders and depositors.