

## SPEECH

Of Mr. RICHARDSON, in the House of Assembly, on the 14th of April, 1838, previous to moving for printing the Bill for establishing a Bank in Lower Canada :—

MR. SPEAKER,

As the approaching prorogation leaves no prospect of being able to get through the Bank Bill, this session, I have no wish to take up time unnecessarily, by going into a committee of the whole house upon it, as amended by the special committee, to whom it was referred. Before, however, moving to discharge the order of the day, for the purpose of following it up with a motion to print the Bill, that it may be maturely considered, with a view to the resumption of the measure, at the meeting of next Provincial Parliament, I shall endeavor to explain the general principles of Banking, with the application thereof to this country, and give the outlines of the system, contemplated to be introduced here by the Bill before the house. The detail of the clauses thereof will be best understood by a perusal of them when printed.

In the early stages of society, money as such, is unknown, and indeed considered useless, as the wants of mankind being very limited, are supplied by the exchange of one article of necessity for another. This continues through the hunting and pastoral state, and even in the agricultural, until it arrives at such a stage of progression and improvement, as to induce the conversion of raw produce into some kind of manufacture. From manufactures supported by agriculture, spring division of employments and subdivision of labor, with commerce, in all its gradations and varieties, internal and foreign. Barter is a natural, money only an acquired or factitious appendage, to industry. In proportion as the produce of the labor of mankind, exceeds the limits of their immediate wants or enjoyments, the surplus becomes a kind of burthen, instead of an advantage; and from the bulky and, in many cases, perishable nature of that surplus, the convenience of substituting something more portable and less perishable in its nature, to serve as a common standard or measure of value, whereby to represent commodities and to compare one with another, becomes manifest. Hence the origin of money. The question then naturally arises, what that substitute or standard, so to be established, by a kind of common consent, should be?—In establishing it, various considerations would immediately suggest themselves—viz. utility, durability, rarity and portability. Could the

first mentioned property have alone sufficed, there can be no doubt, that iron would have been adopted as the universal standard of value; for in point of intrinsic worth, in so far as applicable to the domestic purposes of mankind, it stands unrivalled; but it wanted the other essential requisites of durability, rarity and portability; indeed the two latter properties may be considered as the same, the one necessarily resulting from the other; without these, it could only remove a part of the inconveniences attendant on barter. Hence gold and silver, being the most pure, durable, and most rare of metals, became the best adapted to the purposes of a general common measure of value, or medium of circulation. These metals when pure are alike in value to the like quantities of them respectively, whatsoever the countries may be where they are found, and they do not consume by length of time.

In proportion as industry advanced, and the fruits of it, through the means of manufactures and commerce, became more conspicuous, in the increased intercourse of mankind; the advantages of a circulating medium, would become more and more apparent; and consequently the idea of artificially multiplying that medium for useful purposes, would naturally arise. Hence the origin of paper money, which is the offspring of increased and increasing industry, confidence and credit. For it, by any contrivance, the person having a commodity to sell or exchange for gold and silver, (which by general consent, was to be considered as the sign of wealth, or means of procuring, hereafter, what the wants or luxuries of mankind might require) could obtain a something to represent the precious metals, in so far as to give a reasonable assurance of his procuring them when wanted; every purpose of their immediate possession was attained: and hence the origin of Banks or associations created for the express purpose of increasing the circulating medium, by furnishing a substitute for gold and silver.

Dr. Adam Smith, who, upon the subject of political economy, has written with an intelligence and profundity of observation, beyond any other person, says, that Bank notes, issued by people of undoubted credit, payable upon demand, in gold and silver, without any condition, and in fact readily so paid, becomes, in every respect, as a circulating medium, equal to gold and silver, since gold and silver can, at any time, be had for them. But far otherwise would it be with paper money, payable only after a certain number of years, or upon