

ADDRESS OF SIR FRANCIS HINCKS.

Mr. President and Gentlemen :

When I left Montreal a few days ago on a short tour, I had no idea that I should have an opportunity of attending your Convention, and of taking part in the discussion of questions in which for upwards of forty years I have taken a deep interest, and to the study of which I have devoted much time and thought. Permit me to thank you most sincerely for your courteous invitation, and to assure you that I highly appreciate it. In accordance with the suggestion of your Secretary that I should preface the few observations that, with your permission, I shall make on the subject immediately under discussion, with some account of our Canadian monetary institutions, I shall endeavor as far as possible, within the limits to which I am necessarily confined, to touch on those points which seem to me worthy of notice. Our Canadian banking system was modelled on that which formerly prevailed very generally in the United States. Banks were chartered by the Legislature, with paid up capitals, and authority to issue notes redeemable in specie on demand. The charters contained what was known as the double liability clause, each shareholder being liable to the creditors of the chartered Banks to an amount equal to his paid up stock. There was a small tax on bank issues and the banks were required to hold ten per cent. of their capital in Government securities. A short time prior to the Confederation of the British Provinces into the Dominion of Canada in 1867 an attempt was made by the Government to substitute a Government paper currency for that of the Banks, and inducements were held out to the Chartered Banks to surrender their right of issue, and to use the Government notes, which were legal tenders. The Bank of Montreal alone accepted the terms proposed by the Government. In the year 1869 the Bank charters expired, and a renewed attempt was made to compel the Banks to base their issues on Government securities, very much on the plan under which the National Bank issues of the United States are regulated. When the Government proposition was submitted to Parliament it was found that the opposition to it, especially from the Province of Ontario, was so strong that it would be impossible to carry the bill, which was therefore withdrawn for the time, and the charters were all renewed for a year. It was during the recess of Parliament in 1869 that I returned to Canada after an absence of about fourteen years in the West Indies in the service of the Crown. The Minister of Finance, Sir John Rose, had only a few weeks previously intimated his intention of withdrawing from public life, and leaving Canada to reside permanently in London. Other vacancies in the Government occurred about the same time, and a few weeks after my return to Canada, I was invited to join the Government. When I consented to do so, I was in hopes that the Finance Department would be filled by a gentleman well qualified to deal with the banking question, the settlement of which could not be postponed. When, however, the arrangements were completed, I became Minister of Finance, an office which I had previously filled during a period of seven years, terminating about fifteen years before the time of my resuming it. I gave immediate attention to the Bank question, and after conferring frankly with the representatives of the principal banks, I was able to mature measures which, having been sanctioned by the First Minister and my other colleagues in the Government, were approved of by Parliament and became law. The Dominion note system is so connected with the Banking Act, which is a general measure applicable to all the Chartered Banks, that it will be convenient to notice them together. Prior to 1869 the Government had full authority to issue notes of all denominations, but it had no means of circulating them, other than under the then subsisting arrangement with the Bank of Montreal, which it was desirable to terminate, as the other banks were unwilling to concur in it. I pro-