

quirement to deposit the debentures and to secure registered notes. But if failures occurred the proceeds of bonds thus held by the banks were to be applied exclusively to the redemption of outstanding notes.

The Act 16 Vic., cap. clxii. (session of 1853) was an attempt further "to encourage the issue by the Chartered Banks of notes secured" in this manner. They were permitted to issue notes in excess of the limit laid down by their charters, *i. e.*, the amount of their paid up capital stock, to the amount of the sums held by them in specie or debentures receivable in deposit by the Receiver-General, although the deposit of the securities was not required. The 1 per cent. tax upon circulation, also, was to be calculated only upon the sum by which the average during any period of the outstanding notes of a bank should exceed the average of the securities and specie which the bank had on hand.

These measures, though the original Act was copied from the New York law, seem strongly to reflect the influence upon Canadian legislators of Sir Robert Peel's Bank Act of 1844, and the Statutes of 1845, which dealt with Scotch and Irish banks. The plan of restricting that part of the circulation "unprotected" by special security, the extension to the banks of the privilege of indefinitely increasing circulation beyond that limit, provided equivalent values in specie or debentures were held, and the repeated efforts to provide as much as possible of the fiduciary currency with bond security, might not perhaps be conclusive evidence of this influence. The regulations might have been adopted after independent consideration, or to reach other ultimate ends than those sought by Lord Overstone, Sir Robert Peel and their followers. In Canada, too, the financial purpose, though the laws failed to afford the anticipated help, was highly influential.

But the influence of an effort to follow English example is strongly supported by the authority of Sir Francis Hincks in the Assembly at that time. Ten years before he had supported against his own party the proposals of Lord Sydenham for improving the Canadian currency by means similar to those suggested by Lord Overstone. As late as 1870 his views on the question were unchanged. The inference is confirmed by the