

prevails with some that a Bank of issue can afford sufficient security to the public by purchasing Government debentures, and depositing them with the Government to the extent of its issues. This is unquestionably Lawism, and in its most obnoxious form. "If the public funds," as has been remarked by a writer well qualified to give an opinion on this subject, "are a proper basis for £1000 of paper currency, they must of necessity be a good basis to their whole extent." If one Bank is allowed to issue paper on the security of Stock, every other one must be permitted to do the same, until the whole funded debt of Great Britain might be coined into paper currency. If £1000 of public debt is coined into £1000 of notes, it must be admitted by an inevitable conclusion that £800,000,000 of public debt may be coined into an equal quantity of notes. The principle of basing a paper currency upon either land or public funds is absolutely identical and equally vicious, a wild and mischievous delusion.

The present system under which a portion of the circulation of the Dominion is on the direct issue of notes of the Government coupled with the system of independent issues by the Banks themselves, cannot in my opinion remain satisfactory in its operation. It is true that a limited amount of Provincial Notes has been in circulation in this Province a great many years, but small as this amount is, it has at times been a serious evil. At the close of the last American War with England, a large amount was issued for the alleged purpose of paying for the Provincial Building, Government House, and other heavy debts which were about that time contracted. The result of this over issue was the exportation of the metallic portion of the currency, in payment of foreign commodities, and it became so difficult to procure even small coins and half-pence to pay labourers, that many of the merchants issued their own 5s. and 10s. notes for that purpose, and continued to do so until the greater part of this over-issue was called in, when specie began to return into the country again.