

Canadian Government against the reverses following too great an extension of the facilities which may be afforded by the use of paper money. The measure might cause Canadian securities to rise temporarily, but they would also be exposed to the risk of depreciation should it become necessary to throw them into the market in order to provide for the payment of bank notes. In the opinion of the Lords of the Treasury, the great protection against over issue was the constant maintenance of a proportionate reserve of specie against the outstanding circulation, with Government supervision and frequent publication of bank statements. They recommended the requirement of a specie reserve of one-third of the notes issued and of monthly statements.

The following year, accordingly, an amendment was passed requiring monthly statements from the free banks. It is plain that half yearly returns provided a basis for intelligent criticism to neither the Government nor the public. The period of one year in which to retire their circulation and begin operations under the new plan accorded by the Act of 1850 to banks or companies whose authority to issue notes had been withdrawn by the Act, was increased to five years, provided that in each year of the next four they should retire one-fourth of the average circulation during 1850, of notes not secured by a deposit of bonds. The requirement of a specie reserve of one-third was not adopted.

In the same session, the Assembly passed another Act with a view "to encourage the chartered banks to adopt as far as conveniently practicable, the principles of the General Banking Act in regard to the securing of the redemption of their bank notes." The real purpose, of course, was a further sale of bonds. The means were (a) a remission during the next three years of one-half the tax on circulation to those banks willing forthwith to restrict their circulation to the highest amount shown in the last statement, and at the end of three years to three-fourths of the average for 1849 and 1850; (b) at the end of the three years, entire exemption from the tax to banks with note circulation thus restricted; (c) permission to such banks to issue in excess of the restricted circulation further notes to the amount they should hold of gold or silver coin or bullion or debentures of any kind issued by the Receiver-General, the value of such securities to be reckoned at par; (d) exemption of these banks from the re-