

culation may still be outstanding, after all its capital is gone, and no security whatever left for the bill-holders. I am not going to say that hitherto any very overwhelming calamity has overtaken the country, as the result of this state of things. But it is only necessary to consider for a moment how large and wide is the sphere now being opened for the operations of our Banks, as compared with what it has previously been, in order to see how imperative it is that our Banking institutions in the future should be placed on a sound and wholesome basis, especially with reference to this point where the public interest is particularly concerned. Let me, however, illustrate the proposition I made a moment ago, by a reference to one or two incidents in the history of our Banks. I shall first refer to the case of the Bank of Upper Canada. We know that, at the time of the failure of that institution, it had in the hands of the public a circulation of about \$800,000—and the amount would have been very much greater, if the Bank had not had a deposit belonging to the Government of nearly a million and a half. If that large deposit had not been left in the Bank, the amount of circulation in the hands of the public would have been very much more than it was. Now, what were the facts in this case? It is notorious that, as has been shown by subsequent investigation, the circulation remained in the hands of the public, long after there was no substantial capital to represent it. The whole of the capital was gone, and the public were left to look only to that provision in the charter which gave a remedy against the shareholders to an amount equal to their stock. While the circulation or^t was \$700,000, the whole amount of coin which the bank had to redeem it was but \$39,000, and, in addition to the \$1,400,000 they owed the Government, they owed private depositors about \$400,000 more. Yet they had fulfilled all the statutory conditions which the legislature or the country had thought necessary to impose on them, and had regularly published their statements of liabilities and assets! I have heard it said that, after all, the loss to the public in consequence of any failure of a Bank has not been very great, and that it is not necessary therefore to make any change in the system. I cannot understand the force of such an argument. We all remember the general distrust which attended the failure of this institution, and the distrust which attended the failure of another institution, the Commercial Bank, and the panic which seized the bill-holders for some days, and induced them to sacrifice their bills at a great discount and of course a loss. This discount and this loss would have been greater, but for the peculiar provision, which however legal it may be, scarcely seems just—that a debtor might tender the depreciated notes of the Bank in payment of his obligation. It is no doubt quite legal, but it certainly does grate on one's sense of justice, that a debtor, quite able to pay twenty shillings in the pound, may, by purchasing depreciated securities, pay off his obligations with one half or one quarter their real amount.

It is not however my desire, Sir, to found the propositions which it will be my duty in a few moments to submit to the House so much on the evil results which have attended this system in the past as on those which