

opponents—namely, that the best guarantee to the public is a paid up Capital and that responsibility is of secondary consequence. We shall perhaps destroy this argument most effectually, by *admitting its truth*. We deny that the supporters of Joint Stock Banks here or elsewhere inculcate any such notion, or that their Constitutions “*ordain any such absurdity*,” as that a paid up Capital is not requisite. We defy any person practically acquainted with Banking in Upper Canada, to assert that it is possible to carry on Banking here except on the basis of a bona fide Capital, the business to be in proportion to such Capital. We know that in England, Banking is carried on with a merely nominal Capital, but the reason is obvious. The security of the Joint Stock Banks is considered so good by Capitalists that in ordinary times they can borrow as much money at 3 per cent per annum as they can lend at 4 or 5. Thus they want no Capital, they re-discount the bills in London which they discount in the country at a profit of 1 or 2 per cent; and are thus enabled to make large profits with a small paid up Capital, and this has been the cause of great overtrading in all branches of business. Business of this description is unknown here—we have no re-discounting. The Banks do not, I believe, take short paper from one another in payment of balances, added to which, payments are more irregular than in England, so that the Banks are even restricted within what might be considered the legitimate bounds of their business. We presume our opponents are not yet anticipating the time when money shall be so plenty here as to enable Banks to do a similar business. When it is, it may be necessary to place some restrictions upon them. We must keep in mind however, that chartered Banks can do such a business as well as private ones, unless their irresponsibility should prevent their getting the same credit.

2ndly. We are told that it should be insisted upon that the whole Capital of these Banks should be paid up. We should be tempted to ask an extensive importing merchant, who frequently urges this restriction—whether he would prevent a customer of his with a Capital of £1000, from doing any business, because he anticipated in a few years getting £10,000 more Capital, and in the meantime could not make the large importations which the eminent merchant alluded to is in the habit of making?