

Further discussion upon this important topic has brought about very general agreement that the system of bank circulation in the United States is not superior to our own, and the serious dearth of the circulating medium felt recently on the other side has emphasized the necessity for the Canadian system. (In fact the editor of one of the chief financial papers in the United States is thoroughly advocating the adoption there of the Canadian system).

It is reasonable, as I had occasion to remark last year, that all fear of loss from or discount upon the bank note circulation should be removed from the public mind.

Certain Ontario and Quebec Banks have made arrangements during the year for the redemption of their notes in distant Provinces, reciprocating in kind with the banks there, so that notes which formerly were taken at a discount now pass at par.

Enough of this has been done to show that all objections on this score to the circulation can be removed by the existing banks themselves, if they so desire.

The other point, namely, the guaranteeing of the bank circulation where the resources of the larger and older and the smaller and newer banks vary so much, is probably more difficult for them to arrange among themselves, especially if provision has to be made for guaranteeing the circulation of every new bank venture that may be attempted.

Even this, however, may be attained by the co-operation of the Government in surrounding the granting of new charters with such conditions as will secure their being granted only upon a substantial and lasting basis, which the law as it stands does not secure.

Free banking, theoretically, is good, and will always be popular as against what savors of monopoly, but a wise conservatism is necessary in dealing with monetary institutions having power to issue bank notes, and if the needful guarantee of absolute indemnity against loss can be secured by the action of the banks themselves, who are best acquainted with the attendant risks, and necessary precautions, it will be infinitely preferable to their being compelled to hold gold or Government securities against their circulation, with the periodical stringency and contraction which this would precipitate.

It would also seem advisable that the renewal of the bank charters should not be limited as heretofore, their expiry always causing more or less disturbance to commerce, and then, like any other enactment they could be the subject of revision or improvement as the necessity arose.

BOARD OF TRADE BUILDING.

The new building has made rapid and satisfactory progress since I last addressed you. The Contractors commenced taking down the old American Hotel about 15th of May last, and the building is promised to be completed by September, and will cost when finished not over the limit