

NORTH BRITISH AND MERCANTILE Insurance Company.

Establishment for 1873.

All of whom, including the President and Vice-Presidents, are Shareholders.

President:

HIS GRACE THE DUKE OF ROXBURGHE, K.T.

Vice-Presidents:

HIS GRACE THE DUKE OF SUTHERLAND, K.G.

HIS GRACE THE DUKE OF ABERCORN, K.G.

EXTRAORDINARY DIRECTORS.

Sir David Dundas of Dunira, Bart.

Right Hon. the Earl of Airlie.

Sir Matthew White Ridley, Bart.

Sir Walter James, Bart.

Sir George Campbell of Succoth, Bart.

Sir John Majorbanks of Lees, Bart.

Sir Robert Hay, of Haystoun, Bart.

David Mahony, Esq., Dublin.

Right Hon. the Earl of Strathmore.

Right Hon. Viscount Melville, K.C.B.

Right Hon. Sir James Ferguson of Kilkerran, Bart.

GENERAL COURT OF DIRECTORS.

The Right Hon. LORD LAWRENCE, G.C.B., G.C.S.I., and P.C., Chairman.

EDINBURGH.

Sir James Gardiner Baird, Bart.

David Davidson, Esq., Treas. of the Bank of Scotland.

J. F. Walker Drummond, Esq.

Ralph Dundas, Esq., W.S.

Charles Gairdner, Esq., Manager of the Union Bank of Scotland.

John Craigie Halkett, Esq., yr., of Cramond.

Alexander Howe, Esq., W.S.

Evan Allan Hunter, Esq., W.S.

George Auldjo Jamieson, Esq., C.A.

Robert Blair Maconochie, Esq., of Gattonside.

Sir A. C. R. Gibson-Maitland, Bart., M.P.

Frederick Pittman, Esq., W.S.

James Campbell Tait, Esq., W.S.

D. B. Wauchope, Esq., Merchant, Leith.

Secretary—John Ogilvie. *Actuary*—David Chisholm.

Medical Officer—John Moir, M.D., F.R.C.P.

Solicitors—Mackenzie, Innes & Logan, W.S.

LONDON.

John White Cater, Esq., Merchant.

Charles Morrison, Esq.

Richard Baring, Esq., Merchant.

Richard Brandt, Esq., Merchant.

Edward Cohen, Esq., Merchant.

John Fleming, Esq., Merchant.

P. Dupre Grenfell, Esq.

Adolphus Klockmann, Esq.

Right Hon. Lord Lawrence.

Hon. Hugh McCulloch.

Junius S. Morgan, Esq., Merchant.

George Garden Nicol, Esq., Banker.

Baron John H. W. de Schroder.

George Young, Esq., Merchant.

Manager of Fire Department—G. H. Burnett.

Manager of Life Department—J. Owen.

Surveyor—Thomas Piper.

Secretary—F. W. Lance.

Medical Officers—A. H. Hassall, M.D.; R. C. Cream,

M.D.; Hermann Weber, M.D.

Solicitor—Sir W. R. Drake.

Auditor—George Murray, C.A.

Gen. Manager—DAVID SMITH, F.R.S.F.

Canadian Establishment.

MANAGING DIRECTORS.

D. L. Macdougall, Esq. | Thomas Davidson, Esq.

DIRECTORS.

The Hon. Thomas Ryan, Senator.

R. B. Angus, Esq., General Manager Bank of Montreal.

D. Masson, Esq., of D. Masson & Son.

Gilbert Scott, Esq., of Wm. Dow & Co.

WM. EWING, Inspector.

MACDOUGALL & DAVIDSON,

General Agents.

Agent at Toronto—

R. N. GOOCH.

1873.

APRIL.

1873

NEW SHIPMENTS

Receiving weekly via Portland, and

ALL DEPARTMENTS

CONTINUE

Well and Fully Assorted.

The Inspection of the Trade Invited.

Bryce McMurrich & Co.

34 YONGE STREET,

TORONTO.

THE MONETARY TIMES, AND TRADE REVIEW.

TORONTO, CAN. FRIDAY, APRIL 25, 1873

A SUBSTITUTE FOR GOLD.

Sir Francis Hincks, writing over his own signature in the *Montreal Gazette*, has been defending himself in two letters from some reflections cast upon his financial measures by the *Herald*. It is difficult for a disinterested observer to discover wherein the latter journal has done him such "gross injustice,"—however inexcusable the slip of memory—in wrongly ascribing the parentage of the Dominion Note scheme to Sir Francis instead of the rightful sire, Sir A. T. Galt, since the offended Knight is so ardent an admirer of the bantling. If the scheme is really so excellent as the author of these letters seems to regard it, the complaint of "gross injustice" should come from Sir A. T. Galt; and the offence becomes transformed into the milder fault of giving credit where no credit is due. As we have no part in this controversy, it is merely referred to for the purpose of noticing a single statement in the second letter respecting the Dominion note reserves which ought not to pass unchallenged.

It is this: "The large notes which are 'legal tenders are held by the banks as 'reserves, answering precisely the same purpose as gold, the use of which has been 'economized to the extent of several millions of dollars.' In remarking upon this statement it is not necessary to deal with the argument relied on to justify the Dominion notes issue, viz., that the country, that is the public revenue, 'gains by it \$360,000 per annum, without the banks 'experiencing any inconvenience or loss.' The whole case for these issues is really

summed up in this one sentence; but the considerations that might be urged on the other side of the question far outweigh the one here presented. It is not the least of these considerations that the public mind is liable to be confused or misled as to the real character of the Dominion notes, and the part they are competent to fill in the working of our financial machinery. To say that these legal tender notes answer "precisely the same purpose as gold" in the capacity of bank reserves, is directly calculated to create such a false impression, especially when the statement has for its author a gentleman of the recognized ability and distinction, as a financier, of Sir Francis Hincks. This notion as to the functions of paper money does not appear to be an outgrowth of the ex-Finance Ministers recent experience. So long ago as 1837 his admiration for promises-to-pay as a substitute for specie reserves was equally strong. In giving evidence before a committee of the House of Assembly on the 23rd June of that year he said in answer to question 21:—"We [Peoples' Bank] have 'held Bank of Upper Canada paper as specie 'up to this time.' About the same measure of confidence was then felt in Bank of Upper Canada bills that is now reposed in the Dominion notes. Let us hope that in both cases it has not been equally misplaced.

The tactics pursued by the government in dealing with these notes has in several particulars been directly calculated to cast discredit upon them. They are issued at a point far distant from that at which they are redeemable; for instance those dated at Toronto are issued at Montreal, and *vice versa*. The last step of this kind was to pay out sovereigns in exchange for the notes at the sub-treasuries instead of American gold, for the manifest purpose of creating a difficulty in the way of drawing specie for shipment to New York to purchase exchange with. If sovereigns are sent to New York they have to be re-coined or sold for their value, either of which operations involves loss, expense or delay. The consequence, therefore, of the payment of sovereigns instead of American gold is that the latter has risen to *one-eighth of one per cent. premium* as compared with Dominion notes or other current funds. It would be difficult to harmonize these facts with Sir Francis Hincks' statement that these notes answer "precisely the purpose of gold."

We do not deny that for some purposes Dominion notes answer well instead of gold; that is true of the notes of any or all of the chartered banks. In many cases they are better than gold—that is, more convenient. But to assert that Dominion notes as bank