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MONTREAL,
Oct., 1867.

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that my opinion would prove incorrect, and that other Banks would also be compelled to suspend.

"There is no question that it is a matter of very great importance that the Commercial Bank should be saved from the necessity of suspension at the present moment, and it will be a great relief to me to hear that the Government assume the responsibility of affording assistance. I trust, however, that if this is done, the Government will insist upon the adoption of immediate measures for bringing the business of the Bank within such a compass as will enable it to meet its obligations; and if it were possible, I should still further wish the Government and this Bank to combine in exerting such a pressure upon the weak Banks throughout the Dominion as would compel them to abandon their present vicious system of expansion without proper reserves, and which will sooner or later bring disaster upon themselves and their confiding creditors.

"Yours truly,

(Signed,) "E. H. KING,

"General Manager.

"Hon. A. T. GALT,
Ottawa."

Now, Sir, I have stated that on my return with Mr. Cartwright from Ottawa, on the morning of Friday, the 18th October, we met Mr. King, and after consultation with that gentleman, it was thought advisable that the representatives of the western Banks should be invited to attend a meeting in Montreal. Telegrams were accordingly sent to the head officers of those Banks, requesting that they would as soon as possible send representatives to Montreal, for the purpose of attending the meeting. That meeting took place on Monday, the 21st October. I do not propose to enter into any detailed statement of the events of that day, because statements of all the proceedings have been so fully put forth by the gentlemen on both sides who attended, that it is unnecessary for me to do so. I think, however, that no gentleman who was present will refuse me the credit of saying that all my efforts were directed to promote harmony, and to bring about a measure of real relief. I will say further, that during the greater portion of the day, from about twelve o'clock, the understanding was come to, which, in my opinion, and also in the opinion of all the gentlemen who were at the meeting, we believed would have produced the necessary assistance to the Commercial Bank. It was necessary, however, that the plan should be communicated for approval to the head officers of the several Banks, and

we had therefore to await their reply. Consequently the time between twelve or one o'clock and five in the evening, was spent in communicating between the agents at Montreal and their superiors, and in awaiting the final issue. At half-past five o'clock the decision came, which was to the effect that the plan suggested could not be carried out. Up to that moment I had been sanguine that the crisis might be averted. Upon learning that assistance could not be obtained in the way in which I hoped it could, the Directors of the Commercial Bank called a meeting, at which Mr. Cartwright invited me to be present. He then stated, that as all hope of assistance seemed to have failed, he could only make one suggestion, and that was that he should be authorized to place the affairs of the Bank in the hands of the Bank of Montreal, if that institution would undertake to protect the interests of the creditors of the Commercial. That proposition was assented to, and I promised such moral support as I could afford to overcome the difficulties of the position. Mr. King, however, upon hearing a statement from Mr. Cartwright, said that he feared it was impossible for the Bank of Montreal to incur the responsibility of assuming the control of the affairs of the Commercial Bank in the state in which they then were, especially when it was certain that more or less discredit would attach to that institution from the known events of the day. For my own part, I felt that I could not urge Mr. King, beyond a certain point, to come to any different conclusion from that at which he had arrived, and for this reason, that the Government themselves had been obliged to borrow largely from the Bank of Montreal. We owed the Bank about two and a half millions of dollars, and I was myself, as Finance Minister, perfectly aware, and so was Mr. King, that with the provision to be made for the January interest, the Government would require to continue that loan; and therefore I felt that if the assumption of the liabilities of the Bank by the Bank of Montreal was likely to cripple the resources of that institution, it might interfere with the arrangements of the Government itself. The opinion of Mr. King was confirmed in the course of a few minutes by Mr. Ryan, one of his Directors, who stated that if Mr. King made the recommendation, the Directors would not feel themselves justified in assuming the management of the affairs of the Commercial Bank. I then told Mr. King that now that the matter had come to the point that assistance could not be obtained