

APPENDIX B. B.—(See Journal, Page 179.)

SIR GEORGE ARTHUR, K. C. H. *Lieutenant Governor.*

I would further invite Your Excellency's attention to the equalization in value of British silver coin in the Upper and Lower Province, which forms one of the topics discussed by the Bank of Upper Canada, and is, in my opinion, much to be desired.

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The greater current value of that description of coin in Upper Canada, under the authority of the Act passed in 1836, may certainly be objected to, on the ground of its inconveniently affecting the common interests of the trading community in both Provinces; but it is not clear that it has a very material effect as a protection to the Banks of this Province, against the fair demands of the Banks of Lower Canada; for, I understand, that of the large quantities of British silver imported into this Province within the last three years, by the Banks of Upper Canada, exceeding, I understand, £150,000, a considerable portion has already been collected by the Merchants of the Lower Province, and used with advantage for remitting, in the course of business, to England.

There are weighty objections to the enhancement in the nominal value of British coins, to the extent sanctioned by the Act now in force in this Province; and I greatly doubt whether, under any circumstances, that Act should be renewed.

The measure best adapted to overcome the difficulties experienced in preserving a convenient metallic currency, seems to be the issue of a peculiar coinage, such as Mr. Ridout has suggested; and, if the question of providing such a currency, were favourably entertained, it would appear advisable, in proceeding with any measure in Lower Canada upon the subject, to allow the late Act, regulating the current coin of this Province, to expire, by virtue of its limitation next year, and, in the mean while, to prepare for the due substitution of the better currency.

It is stated, that Her Majesty's Government have under consideration the question of providing a gold as well as a silver coinage for Colonial circulation; and, as Your Excellency may have also directed the deliberations of your Special Council to that subject, I would suggest to Your Excellency, whether, before the adoption of any other measure, it may not be expedient to recognise, by an Act in both Provinces, the exact American tariff on all the gold and silver coins current on this Continent, which was established by an Act of Congress in the year 1835.

For Your Excellency's information, I enclose a copy of a despatch from the Secretary of State for the Colonies, No. 124, relating to the Act of this Province, for the regulation of its current coins.

I have the honour, &c.

(Signed) GEO. ARTHUR.

His Excellency Lieutenant General

SIR JOHN COLBORNE,

&c. &c. &c.

GOVERNMENT HOUSE, MONTREAL,

30th March, 1839.

SIR,

In reply to your Excellency's Letter of the 9th instant, upon the subject of the resumption of Cash Payments by the Banks, and adverting to the observations and Report of Mr. Ridout, I have to acquaint you that it appears from the return of the number of French Half Crowns in possession of the Banks of Lower Canada, (a copy of which is annexed) and from the accompanying statement of the President of the Bank of Montreal, that the information conveyed to your Excellency by Mr. Ridout, is erroneous in respect to the extent of the circulation of French Half Crowns in Montreal, and to the amount in deposit at the Banks, and to their value in the United States.

The injurious effects of authorizing the continuance of the deteriorated Coin alluded to by Mr. Ridout, cannot be denied; and it is highly desirable that these half crowns should be driven out of circulation. But this can be only accomplished by passing an iniquitous and impolitic Ordinance, declaring their value reduced, or by redeeming them at a loss:—a measure which in consequence of the limited means of the Special Council, may create embarrassment. The evils, however, resulting from the present Currency, are so objectionable, that a proposed Ordinance for redeeming the French Half Crowns, and to regulate the Cur-