

up capital in Government securities. By arrangement with the Bank of Montreal, which was entered into very shortly after the issue of the Legal Tenders, the bank with which I am connected hold fifty thousand dollars in Legal Tenders without interest. This arrangement I look upon as a most unjust one, and would not have been entered into but for the power of coercion granted to the Bank of Montreal. This fifty thousand dollars is beyond the amount of Legal Tenders received in the ordinary course of business from day to day, and which likewise are held without interest. Most of the banks hold legal tenders under arrangement with the Bank of Montreal, which preclude their using them as the equivalent of specie in their ordinary business. There is no uniformity in their mode of settlement with each other; the ordinary way is to make exchanges daily, and to settle either by paying gold or legal tenders, or by draft on their head offices or on Montreal. The effect of the panic caused by the failure of the Commercial Bank, in connection with the action of the Bank of Montreal, was to lessen the value of all commodities, and to prostrate trade generally. I herewith hand you the quotations from the *Canadian Monetary Times* and *Insurance Chronicle*, both before and after the panic, from which you will see that there is a considerable reduction in values. The condition of the money market in the early part of October was easy, but in November it was very tight. At the time of the introduction of the Provincial Note Act it created almost a financial crisis, and the business both of the country and of the banks suffered serious injury for a time, and but for its operation there would have been, in my opinion, no crisis or panic in October last; for had the Bank of Montreal been on the same footing as the other banks of the Province it would not have dared to cast discredit on the bills of other banks just as solvent as itself. But having the control of the Government issue, it was placed beyond injury by a run, and as it is paid by the Government not only for its own circulation, but it is paid a per centage upon the Government circulation, it is manifestly its interest to drive in the circulation of the other banks in order that this may be got out. This, I suppose, may be called, "such pressure as the Government might properly employ upon the financial institutions of the country" (Vide statement of Hon. Mr. Galt in reference to Commercial Bank failure). If so, it is most injurious to trade generally, and to the public at large. It is not possible for legislation to prevent panics. I believe that the present Bank circulation is undoubtedly sound, for it is based on the paid up capital of the Banks, besides which each stockholder is liable to pay as much more should it be required. Such a currency is, in my opinion, much more safe than the issues of any Government which is based upon its indebtedness. The one must be paid to the uttermost farthing, the other is evaded by an Order in Council or in some other way when it is not convenient to redeem. For the requirements of this country the present system has worked well, perhaps, better than any other would have done, and I look upon it as a dangerous thing to experiment with what has answered such a good purpose, and run the risk of getting something not so good. The very fact of the Government issuing its Legal Tenders in Montreal, which are redeemable only in Toronto, and issuing in Toronto those payable in Montreal, shows that it does not wish to be called upon to redeem them. As a proof that the Banks are not overpaid, I think it may with truth be said that taking them altogether since they commenced, they have not paid their shareholders, on an average, six per cent. Let the Legislature use proper care in granting charters, place all banks on an equal footing, and, if they think necessary, exact further security, and they will have done enough. No bank should be placed or allowed to remain in such a position as to enable it, at the caprice of its manager to debase the currency and so possibly paralyze the trade and commerce of the country. Mr. Geo. Walker says, "The proposition to create a Government circulation, and thus to borrow money from the people without interest, is no

new scheme, but has suggested itself to every civilized nation in the season of their extremity. It has been taken up and considered by the most eminent statesmen of all countries and universally regarded by them as impracticable. There is no recorded instance of a solvent state attempting such a currency except under circumstances of such overruling necessity as have for a time suspended its ability to pay in ready money. Though there is a constant progress in the machinery of commerce in some directions the considerations on which the expediency of a Government circulation has been rejected have not been overcome by time and are in their nature insurmountable." Alexander Hamilton, in his report on the subject of a National Bank, says:—"The emitting of paper money by the authority of Government is wisely prohibited to the States by the national Constitution; and the spirit of that Constitution ought not to be disregarded by the Government of the United States. Though paper emissions, under a general authority, might have some advantages not applicable, and be free from some advantages which are applicable to the like emissions by the States, separately, yet they are of a nature so liable to abuse, that the wisdom of Government will be shown in never trusting itself with the use of so seducing and dangerous an expedient. In times of tranquility it might have no ill consequences; it might even, perhaps, be managed in a way to be productive of good; but, in great and trying emergencies, there is almost a moral certainty of its becoming mischievous. The stamping of paper is an operation so much easier than the levying of taxes, that a Government, in the practice of paper emissions, would rarely fail, in every such emergency, to indulge itself too far in the employment of that resource to avoid as much as possible one less auspicious to present popularity. If it should not be carried so far as to be rendered an absolute bubble, it would, at least, be likely to be extended to a degree which would occasion an inflated and artificial state of things, incompatible with the regular and prosperous course of the political economy. Among other material differences between a paper currency issued by the mere authority of the Government and one issued by a Bank, and payable in coin, is this:—That, in the first case, there is no standard, to which an appeal can be made, as to the quantity which would only satisfy, or which will surcharge, the circulation; in the last, the standard results from the demand, whence it is evident that there is a limitation in the nature of the thing, while the discretion of the Government is the only measure of the extent of emissions by its own authority." Sir Robert Peel says: "Another point for consideration is, whether the profits which must necessarily be derived from the circulating medium of the country should be reserved by Government, or should be allowed to remain in private hands? Now, Sir, the advantages, the only advantages which I have been enabled to discover in a Government Bank, as compared with a private company, are those which result from having responsible persons to manage the concern, the public deriving the benefit of it; but, then, on the other hand, I think these benefits are much more than counterbalanced by the political evils which would inevitably result from having this Bank under the control of the Government. I think that the effect of the State having the control of the circulating medium in its own hands would be most mischievous."

TORONTO STOCK MARKET.

(Reported by Pellatt & Osler, Brokers.)

Bank Stocks.—There is an almost total absence of demand for bank stocks and the market is altogether very dull. Bank of Montreal is heavy at 129 to 129½, showing a decline on the quotations of last week. There are buyers of British at 1 per cent. premium, but no sellers. Ontario sold at 99½, but buyers now only offer 99½; sellers firm at par. Toronto could be placed at 110 to 110½; sellers asking 111. Royal Canadian sold at 88½ to 89 for partially paid up stock, and is still in the

market at these prices. Commerce sold at 102 for partially paid up stock; fully paid would realize 102½ to 103. Gore dull, and offered at 72½. Merchants is fully 1 per cent. lower, with buyers at 106. Quebec is wanted at 99. Molson's offered at 109, and 107½ would be paid. City closed dull, and 1 per cent. lower. There are buyers of Du Peuple at 106, and sellers at 107; no sales reported. Jacques Cartier could be placed at 106½; and Union at par; Nationale nominal, at 107 to 107½; this bank has declared a dividend of 4 per cent. payable on the 1st May; the transfer books will be closed from the 16th to 30th April, inclusive.

Debentures.—Canadian fives sold to a large extent at 87, and sixes at par. City of Toronto wanted. There were considerable transactions in County at high rates, these securities being in good demand.

Sundries.—Building Society stock is very firm, and finds ready sale; there were transactions in Canada Permanent at 114½, 115½, and 115½; Western Canada is 1 per cent. higher, selling as high as 108; Freehold is very little offered; sales at 103½. City Gas Co. sold at 105 to 105½. Montreal Telegraph is wanted at 132 to 132½. British America Assurance offering at 57½, buyers offer 56. There is less demand for mortgages, and lenders ask higher rates. There is a brisk demand for money at high rates on the street.

Commercial.

St. Clair Flat's Navigation.

We are pleased to learn that Mr. Brown, of Thorold, contractor for the above important work, is assembling his forces, and will make a commencement in a few days. He will operate with a large force, and his implements and appliances are all on a scale that looks like business. He has fine dredges, some of them large ones, constructed with all the modern improvements. Two or three tugs will be employed. The new cut, or "canal" will have a pier throughout its entire extent, and Mr. Brown has contracted with Eugene Smith, of St. Clair, for 6,000,000 feet of choice timber for that purpose, which will be brought from the Riffe River and the Saublets. The marine and commercial interests of the lake region are to be congratulated that this great work, for the want of which they have suffered losses to an incalculable extent, is at last in a way of satisfactory accomplishment.

Survey of the Lakes.

The American Congress has appropriated \$77,000 to a survey of the lakes during the present season, and a bill has been introduced, asking for \$75,000 more. A number of gentlemen of known ability have been retained for the purpose, and each has his portion of the work assigned him, which will soon be commenced.

The Sugar Duties.

A Committee appointed by the Montreal Board of Trade has handed in a terse and interesting report on the above subject. It is as follows:—

That in its opinion the operation of the existing duties has been very disastrous to the general interests of the country.

That the protection they afford the refiners, has created for them a monopoly, by placing them beyond the reach of healthy competition, to the injury of general business, without advantage to the revenue, or any practical benefit to the consumer.

That a continuance of the present Sugar Tariff will ultimately destroy entirely the trade with the West India Islands, already seriously injured, and this trade, especially for the Maritime Provinces, it is of the first importance to maintain, in view of the interchange of products it secures, and the employment of tonnage especially adapted for the purpose now existing, and in which a very large amount of capital is embarked.

That it is for the interest of the revenue, and the advantage alike of consumers and merchants, so to regulate the duties as to secure a more varied supply of all classes of sugar, instead of favouring, as the present scale does, the importation of low grades, which in effect transfers the business of merchant and manufacturer into the same hands, controls the character of supply to the retailer, and consumer, while practically destroying the check which fair competition would provide, as to the price of a commodity so necessary to the wants of all classes.