

Banking and Currency.

To the Editor of the Morning Chronicle:

Sir,—When I formerly addressed you on the important subject of Banking and Currency, nothing was positively known as to the intentions of the Government. Much was surmised, but it was quite uncertain how far they would attempt to interfere with the existing bank note circulation. This state of uncertainty was removed when the Resolutions of Mr. Rose were submitted to Parliament. Therein the policy of the Government was fully declared, and it was of a character so opposed to the best interests of the country that even staunch supporters of the Government felt compelled to oppose it. After the debate in which this opposition was so thoroughly and ably manifested, the Resolutions were allowed to lie over, and it was only towards the close of the session, and after considerable discussion and difference of opinion in the Cabinet, that they were finally withdrawn. While thus reluctantly withdrawing his Resolutions Mr. Rose gave it to be understood that they were not abandoned, but only postponed, and he expressed the hope that they would yet receive the assent of the country. There can be very little doubt but that they will be brought forward next session, and that every influence will be used to secure their passing into law.

As is well known, the representatives of the banking interests gave to the Resolutions of Mr. Rose their decided opposition. An attempt was made to shake their influence by endeavoring to create the impression that this was the result of entirely selfish motives, and that they were looking after their own interests alone, while quite indifferent to those of the public. On the other hand Mr. Rose repeatedly assured Parliament, in the course of his speech, that the measure of the Government "was framed solely with a regard to the great interests of the country," and that they had no ulterior object in view. Mr. Tilley endeavored to prove that the public, as evidenced by the petitions presented, were, to a considerable extent, indifferent. Another member of the Government told me that whenever he saw so many bankers in opposition to the scheme he was sure it was a good one for the country. Now I have no hesitation in asserting that it was because they thought the policy of the Government would be most injurious to our mercantile and industrial interests that the bankers were so unanimously opposed to it. True, there was

a well grounded dislike to being compelled to invest a large portion of their capital in government securities of variable value, and which would not be available when required for the redemption of the notes. They also knew that whatever legislation might injuriously affect the mercantile community must react upon the banks. To this extent the bankers were selfish in their opposition. But it did not arise from any fear as regards their profits, as might be supposed, for these would be nearly, if not quite, as much under the Government scheme as they are at present, while some thought that if they had merely consulted their own interests they would have welcomed the proposed change.

The question in reality is one which mainly affects the merchant, the trader, the mechanic, the manufacturer, the lumberman, and the farmer, as it would be impossible for the banks under the proposed system to grant to them anything like the same accommodation as they at present receive. The object of this letter is to draw attention again to the subject, and to shew what the result would have been in Nova Scotia had the Resolutions of Mr. Rose passed, and what there is in store for us should the Government hereafter succeed in forcing their policy through parliament.

The plan of the Government, as explained by Mr. Rose, and embodied in his Resolutions, was to compel the banks to purchase government bonds to an amount equal to their circulation, and to maintain besides a reserve of gold equal to twenty per cent. of their circulation. The meaning of this is, that for every one hundred dollars of notes afloat the banks must originally possess one hundred and twenty dollars in gold, of which one hundred dollars were to be loaned to the government and twenty dollars held in their safe to meet any demand for specie payment. It will be seen at once that this was in reality, whatever it may have been in intention, a grand scheme for obtaining possession of a large amount of gold by a forced loan from the banks. The latter were also required to hold in gold, or legal tender notes, a further reserve equal to one-seventh of their call deposits. This was the entire reserve which Mr. Rose supposed to be necessary for safe banking; an opinion opposed to the views of most practical bankers. To shew that his scheme would not be very detrimental to the commercial interests of the country, it was necessary for him to put the reserve at the very lowest point; which he accordingly did. And even with this very small