

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

FOURTH SESSION, THIRTEENTH PROVINCIAL PARLIAMENT, 2nd VICTORIA.

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(Copy.)

No. 8.

GOVERNMENT HOUSE,  
Toronto, 9th March, 1839.

SIR,

Your Excellency having recently enquired whether the Banks of this Province evinced any inclination to resume cash payments in the month of May next, when it is understood that the Banks of Lower Canada will be prepared for that desirable measure—I think it proper to request Your Excellency's attention to my Despatches upon this subject, Nos. 14 and 21, addressed last summer to the Earl of Durham, and to his Lordships reply, contained in his Despatch No. 11.

With my Despatch No. 21, I transmitted an able paper by Mr. Ridout, the Cashier of the Bank of Upper Canada, dated 18th August last, giving a clear statement of the grounds upon which the suspension of cash payments in this Province originally rested, and upon which it was found necessary that it should be continued for some time longer. Your Excellency will observe, that the Bank of Upper Canada, at the period when this letter was written, proposed that the resumption of the ordinary course of business, should only be deferred until the harvest had been secured. It however occurred, that on the arrival of that period, a new and formidable difficulty presented itself, in the suddenly increased hostility of the whole American frontier, and the consequent interruption of that secure and ready intercourse between Canada and the City of New-York, the money market of this Continent, which is indispensable to the maintenance in this country of a paper currency, convertible into specie at the pleasure of the holder.

Under these peculiar circumstances, I forbore to urge upon the Banks the propriety of their voluntarily relinquishing the privilege of suspending specie payments, conferred on them by the Act, until the close of the present Session. But on meeting the two Houses of the Legislature a few days since, I took occasion in my speech, (of which I have already enclosed your Excellency a copy) to advert to the importance of an early resumption of cash payments, and expressed a hope that no difficulty would be found to interpose and prevent it.

On the day after the opening of the Session, the Bank of Upper Canada addressed to me a letter, of which I enclose a copy, bearing upon points intimately connected with the resumption of specie payments by the Banks of this Province, viz. the policy of continuing as a legal tender, at their original nominal value, certain depreciated French coins now current in Lower Canada, and the expediency of providing a new and convenient silver coinage for the use of Her Majesty's North American Provinces.

Without entering at present into the discussion of the latter question, which, however, is far from being unimportant, I am anxious to call Your Excellency's attention to the propriety of abolishing the use of the depreciated French half-crown, as a current coin in Lower Canada. The reasons on which this proceeding would be founded, are fully exhibited in Mr. Ridout's letters, and they appear to me conclusive. Thinking that they will also satisfy Your Excellency's mind, I indulge a hope that you will deem the subject worthy the immediate consideration of the Special Council of Lower Canada, which, I believe, is still in Session. If, upon Your Excellency's submitting the matter to the Special Council, it should be decided that the proposed reform of the circulating medium of Lower Canada, is, for good reasons, inexpedient at the present time, I would then suggest to Your Excellency, as a concession due to the interests of Upper Canada, that an ordinance should be passed, declaring that the old depreciated French half-crown, had ceased to be a legal tender, when offered by the Banks of the Lower Province in payment for their own notes to the Banks of this Province. By a measure of this nature, a just and reasonable degree of protection would be afforded to the Banks of this Province; and I propose it to Your Excellency, on a presumption that the Bank of Upper Canada has not over-rated the quantity of depreciated coin actually current in the Lower Province.

I feel particularly solicitous to bring this subject under Your Excellency's earliest consideration, because, it is my impression, that the course to be pursued by the Legislature of this Province, during its present Session, respecting the resumption of cash payments, will be shaped, to a certain degree, by the conclusion at which Your Excellency's Special Council may arrive upon the question, whether depreciated silver coin shall continue to form a large portion of the currency of Lower Canada.