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Toronto, March 22, 1871.

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THE MONTREAL TRADE REVIEW.

TORONTO, CAN., FRIDAY, MARCH 24, 1871.

CURRENCY ASSIMILATION.

What language is to society, money is to commerce; and the troubles, obstructions, and waste of time caused by differences in the former have a close parallel in those difficulties and annoyances which arise from the various forms and values of the different currencies used in international trade.

Mr. J. Stuart Mill compares money to "oil," which is "a contrivance to diminish friction;" but the comparison is not a happy one, as, so far from fulfilling this function, money at present is too much like grit between the wheels—both irritating and wasteful of power. That different countries should retain separate currencies, as they do languages, is natural. National pride and prejudice will always interfere with attempts to assimilate that of one land to another's. But, that in the same country, and that with no strong-rooted habits to contend with, one portion should be using a form of money not current in another part, although both issued by the same government, is an anomaly which has no justifying plea, except that long-since exploded dictum—"Whatever is, is right."

The Halifax currency is based upon the fiction that the dollar is a fifth part of a £, thus, £1. 0s. 0d. = \$5.00, the true value being \$4.86. This difference of about 3 or 3½ per cent. gives rise to incessant annoyances between traders, and generates paltry disputes, misunderstandings, and mistakes, which hin-

der and injure trade. Especially is this so between New Brunswick and Nova Scotia from their proximity, leading to very close trading relations and constant personal communications, which are hampered and vexed with these varied currencies, it involving as much trouble to travel to and fro between these provinces, and to conduct trade, as between, say, France and England.

Superadded to the essential difference of exchange, there is another, which renders the matter more complicated, arising from the fluctuations caused by the course of trade between Nova Scotia, New York, and Montreal. The natural rate of exchange is against Nova Scotia—that is to say, this province buys more of the other provinces than they do from her; consequently there is a balance to be paid by Nova Scotia in gold. So long as this continues, doubtless bills on Montreal will be at a premium in Nova Scotia, and, *vice versa*, those on Nova Scotia will be at a discount in Western markets. But though this is so, it is well understood that this is aggravated in all cases where different standards of value exist between the exchangers, and always to the disadvantage of the currency of that country against which the exchange turns. It is alleged, and that it agrees with general experience renders it highly credible, that in purchasing gold for remittance to New York or Montreal, merchants in Nova Scotia have to pay from ½ to 1 per cent. more than the difference of currency and exchange represents. At the time the Banks of Nova Scotia were charging 3½ per cent. for gold drafts on New York, the New Brunswick Banks were charging only ½ per cent., the real difference in the currency was 2½ per cent., so that ½ per cent. was sacrificed by traders, owing to the confusion arising from a currency having no intelligible fixed basis, and bearing no defined proportion to the general currency of the Dominion.

The rate of exchange as against Nova Scotia might be reduced to a trifling fraction by the substitution of a currency which would be payable at par at Montreal, as this would practically counteract the plea of distance, and remove from the currency that local character which necessitates cost and risk in collecting it, which are the main elements in an adverse rate of exchange. It is highly desirable that some plan should be organized by the Banks for a general system of "clearing," so that the entire paper in circulation throughout the Dominion should be invested with the character of prompt redeemability. This would enable all notes to pass at par, or at so trifling a discount as to present no practical obstacle to the free circulation of the whole currency wherever Banks are established. At any rate, it would be well for the New Brunswick Banks to have

an agency in Montreal for redeeming their notes.

The Government notes for Nova Scotia are now at a discount of 4 per cent., being stamped payable in Halifax; and there are well-grounded complaints, not only of this heavy rate, which is certainly beyond what the exchange warrants or the cost of collection requires, but of the deceptive appearance of the notes—the indication of their being Halifax issue is so obscure that they constantly are taken by the unwary and even by bank tellers, in the hurry of counting, so that the discount causes extreme annoyance as well as loss. In more than one Bank the notes are refused altogether, to avoid trouble and mistakes, and individual holders are compelled to collect each note from the Bank of Montreal.

We regret to notice the passage by the House of Assembly at Halifax, of resolutions deprecating the assimilation of the currency, on the ground that "it will introduce confusion into accounts and alter the value of stocks, mortgages, and other securities." The first allegation is, doubtless, correct, but it will be quickly over: a few weeks will enable bankers and merchants to be thoroughly "*au fait*" with the new issues and coins, and to see their advantages. As to the change of currency altering the value of securities and inflicting disasters on the Province, we cannot gravely reply to such a wild supposition. The true value of any currency is the measure of its purchasing power; men may put what nominal value they like on paper notes, "to this issue must they come at last"—how much gold or wheat will they buy? The assets of Halifax and its liabilities will not be altered the value of one copper by the change, but its inter-provincial trade will become less tedious to transact, the petty irritations of a varying exchange will be removed, the suspicion of unfair extorting by bankers or creditors will be extinguished, traders will understand each other more perfectly; the whole Province will be less isolated and more in harmony with the country of which it is so important a section, and from these must necessarily flow the prosperity which ever arises from the more intimate union of those who are bound by commercial interests and political ties.

SUN INSURANCE COMPANY.

A charter obtained from the Dominion Legislature for the Incorporation of an Insurance Company in Montreal, under the title of "The Sun Insurance Company of Montreal," has been legalized by the amount of stock being taken, and the sum of fifty thousand dollars deposited with the Receiver General, who has issued his license, author-