

"OTTAWA, 27th Oct., 1867.

"E. H. King, Esq.,
"Bank of Montreal,
"Montreal,

"Government are informed by Ontario and Toronto managers, that they believe panic will subside, if Bank of Montreal continue usual courtesies. Government trust you will be able to do so, consistently with your own safety, but we do not guarantee your collections beyond those paid in by public officers. We have sent the following telegram to Toronto: 'Keep me advised.'

(Signed,) "A. T. G."

The second reads as follows:

"MONTREAL, 27th Feb., 1867.

"E. H. KING, Esq.,

"Private.—Government wish you to increase our specie reserve at Toronto by transfer of gold from Montreal; also, to send up supply of notes payable in Montreal. Small denominations likely to be most useful. This is precautionary. I shall remain here. Have written you.

(Signed,) "A. T. GALT."

This last telegram was sent with a view of our being in a position, as I have said, to meet any possible application that might be made to us. In reply we received this message from Mr. King:—

"MONTREAL, 27th Oct., 1867.

"To Hon. A. T. GALT,

"Message received. We have already given instructions to receive all Bank notes except Commercial and Bank of Upper Canada. Our wishes are those of the Government, and in this emergency we regret to receiving no encouragement to look beyond our own safety.—The Bank holds specie at Montreal and Toronto in excess of Government reserve, which is quite at your service. We telegraphed last night offering assistance to Bank most in danger.

(Signed,) "E. H. KING."

I again telegraphed on this same day to Mr. King:

"OTTAWA, 27th Oct., 1867.

"To E. H. KING:

"Message received. Let me know your advices from West to-morrow. If run continues and extends it will probably be necessary for you to accompany me to Toronto.

(Signed,) "A. T. G."

The letter to which I referred in this message I shall read to the House. It was submitted to and approved by the Privy Council:

"OTTAWA, 27th Oct., 1867.

"(Confidential.)

"MY DEAR KING,—Government will come to aid of Western Banks if they ask it; but thus far in reply to us they allege their ability to stand, if the Bank of Montreal does not discredit them.

"We cannot see our way to desire you to take their notes, except for our own collections, though we should be happy if you can do so. But we feel that to go beyond that is in reality endorsing them without limit, and without conditions.

"Mr. Simpson, of the Ontario, thinks panic will spread, and suggests we should take all notes, including Commercial, at par for public dues.

"I would request, on the part of the Government, that you will strengthen our specie reserves at Toronto, by transfer of gold from Montreal, and that you also forward to your Branch there as many notes, payable in Montreal, as you may think likely to be wanted in case of need. I presume small denominations will be most useful. Of course they can be reinforced day by day if required.

"Yours faithfully,

(Signed,) "A. T. GALT."

I may state that the reason for desiring these notes to be made payable in Montreal was that in case of a continued demand for specie the Government would have at least twenty-four hours to prepare for its withdrawal by holders of the notes. I may take this opportunity of saying that the panic had not shown any inclination of extending to Provincial notes, and I am informed by the Manager of the Bank of Montreal that only two thousand dollars of them were presented for redemption during the three days in which the panic prevailed. On the Monday Mr. King addressed the following letter to me, which I have his permission to read to the House:

"BANK OF MONTREAL,
"Montreal, 28th Oct., 1867.

"(Private.)

"MY DEAR GALT,—Your note by Mr. Cartier reached me this morning. I think it right to say that I fully understood the effect of the advertisement which appeared in this morning's papers, that the Government 'would receive the notes of Chartered Banks, &c.'

"It placed this Bank which has no circulation, and which is the agent of the Government, in the unenviable position of electing to take a very heavy risk by receiving the notes of