

city, to issue notes simply upon their credit, as had been done in the United States. There was a limit to the amount of legal tenders to be issued. There were \$1,400,000,000 invested capital in Canada, and a portion of this was invested in public works, while the whole amount of our banking circulation was about \$12,000,000 for Ontario and Quebec, to which must be added about \$2,000,000 for the Lower Provinces. This would make about \$3 a head in the shape of bank circulation, or one per cent. on the invested capital mentioned. All that money is required for is to exchange the surplus products of industry, and have one circulating medium, enough to meet the requirements of the country. We find by Harvey's Year Book, 1868, that the amount of raw material alone produced in Canada is valued at \$210,500,000, without taking into account the value of manufactured goods. In the United States, it has been their policy, caused by their necessities, to have a very extensive currency, amounting to \$925,755,000 or \$30 per head, while we have only \$3 per head. This extensive circulation has entirely revolutionized the preconceived ideas of political economists, for the general idea was, that by issuing paper, coin was driven out of the country, and the fact now appears that they have \$183,000,000 more gold than prior to the war. By issuing these notes we will create an additional amount of legal tender money to carry on trade, as it cannot be carried on with gold alone. Internal trade can be carried on with properly secured paper, and all that gold is wanted for is to pay the balances between the exports and imports. The circulation of a country, in the first place, belongs to the State, and if the Government have parted with it, they have parted with a public right. He then referred to the panic in England in 1825, and the suspension of specie payments in the United States in 1837 and 1857.

Hon. Mr. Reesor said that the last speaker wanted more currency for the country, but the effect of the Bill has been to lessen the amount of currency circulating in the country to the extent of \$6,000,000. Under their charters the banks are allowed to discount bills to three times the amount of gold and provincial bonds—three times the amount of their available securities which are held in reserve under this Bill. If the banks come under its operation they must withdraw all their circulation, and give the government whatever they may have in reserve, and get in return legal tender notes to the amount of that reserve. Then we have only the legal tender notes to work on, and that is the reason why the circulation of the country will be reduced. There is not a merchant in the country but takes that view. The payment of interest caused a great drain of gold out of this country, therefore we are not in a position to do away with the advantages of banking capital. If government want money let them borrow it abroad at six per cent., while private individuals would have to pay nine or ten. A national bank system was tried in Russia, Austria and France, and failed. The American system was a war measure. Besides that, its plan was to increase rather than to decrease circulation. Where governments issue large sums in paper currency the experience of the world is that sooner or later it depreciates in value and results in suspension. Our banks have worked well, and have done an immense amount of good.

Hon. Mr. Benson considered that the answer given by bankers to the Senate Committee's enquiries were entitled to the highest consideration as none were so competent to give correct opinions as those engaged in the banking business. If these answers were in the interest of the banks it should be remembered that the interests of the banks were the interests of the whole country, of all classes who had invested or wished to borrow. From his own knowledge of the business of western Canada, extending over a period of thirty years, he had no hesitation in saying that the present system of banking is the best adapted to its wants and requirements and that contemplated by the government measure not adapted to our requirements, and if persisted in cannot fail to bring with it great embarrassment and stringency in all banking operations in the future. It must necessarily reduce the circulation of the banks to a point

wholly inadequate to the wants of trade and prevent that expansion so necessary to us. In a period of forty years only one bank has failed and another suspended payment for a few months and then entered into an arrangement whereby it secured one-third of its capital and payment of all debts. The country was greatly indebted to the Bank of Upper Canada as well for its liberality during long years as for the system adopted to meet the wants of a young country. He was an advocate for safety, but we may pay too much for it, and he was fully satisfied that we should be doing so if we adopt the legal tender scheme. Let us be content with what we have found hitherto so well adapted to our wants and by adopting the form of return suggested by Mr. McPherson, we will obtain all the security we require. Had this return been required heretofore neither the Bank of Upper Canada nor the Commercial bank would have ceased to be numbered among the useful institutions of the country. Some said that all circulation should be issued and secured by the government of a country, but he contended that such opinions had been formed from circumstances of a new country. He much preferred the opinions of those brought up in our own midst and acquainted with our commerce and its requirements.

Hon. Mr. McPherson, in reply to Mr. Campbell, denied that he had spoken from the bankers' point of view, but from a point of view which embraced the general interests of the country. So long as the government remained unconnected with the currency and not responsible for its redemptions they would stand as they ought to do over the banks and hold them to a fulfillment of the conditions of their charters in respect to redeeming their notes in specie where required. But if the government itself were responsible for the redemption of the currency it might, and in times of panic would be interested in the suspension of specie payments. As regards interest he thought there should be free trade money; any restriction not calculated to enhance the price of money to the borrower. When the rate limited to seven per cent here and the right to circulate notes withdrawn from our banks how could they at that rate, even the expenses of management and losses, and pay their shareholders a remunerative dividend. The usury law in New York is a dead letter. If the government insisted on changing the present banking system he would much prefer something like the U.S. National Bank system to the Dominion note system, because it would make money less costly to the borrower, as the capital would be invested in public securities bearing interest at six per cent.

ENGLISH MONEY MARKET, &c.—The Bank Returns.—The position of English securities have been very strong during the week, and with the present abundance of money and continued absence of investments, is likely to remain so. The principal changes during the past week have been as follows: an increase in the gold and silver coin and bullion of £501,689, of £526,643 in the private deposits, and of £753,880 in the unemployed notes; the active circulation and the seven-day bills show a decrease of £244,455 and £12,546 respectively. In the bank of France there is an increase of £820,000 in the gold and coin bullion, of £627,000 in the private deposits, of £100,000 in the notes in circulation, and of £173,320 in the bills for discount. The excess of the private deposits over private securities is this week £1,575,273 against £98,222 last week. Subjoined is a comparison of the present position of the Bank, and the price of Consols, for the week ending Saturday, May 30, 1868, with the corresponding periods of the two previous years:—

	1868.	1867.	1866.
Bank Bullion	£ 21,290,652	£ 20,417,283	£ 11,878,775
Reserve of notes	11,296,590	11,358,595	415,410
Notes in circulation	23,083,695	22,929,170	26,018,795
Rate of Disc't	2 per cent	2½ per cent	10 & 12 ½ ct
Consols for money	95½	95	87½

—*Produce Merchant's Review, May 30*

CHICAGO MONEY MARKET.—June 10.—At the Banks it was the old story again to-day, only that all were a little more unanimous in pronouncing business "dull." There is scarcely anything doing in grain. Shipments are unusually light, and there seems to be no enterprises or speculations on foot that call for money.

CHANGE.—Mr. Thos. McCracken of the Gore Bank, London, has gone to Hamilton to fill a position in connection with the same bank there.

TRUST AND LOAN COMPANY OF UPPER CANADA.—The report and statement of accounts for the six months ending the 31st March show a balance at credit of revenue of £17,329, out of which it is proposed to pay a dividend at the rate of 8 per cent. per annum, carry £3,969 to the reserve fund, and leave a balance of £3,359 to the credit of the next account. The report concludes, "An ample field for the employment of the funds of the Company still exists in Canada, and the Directors trust that their debentures will be as freely taken as heretofore by those investors who are seeking a sound investment; this is all that is needed to ensure in the future a continuance of the prosperity which has marked the operations of the Company during the last 16 years."

INSOLVENTS.—The following list of insolvents is published in the *Gazette* of Saturday:—R. A. Herchmere, Tamworth; Wallace & Darrow, Hamilton; Auguste Hout, Quebec; Thos. B. Horton, Gravenhurst; Abraham Southwold, Miller & Son, Toronto; Kivas Tully, Toronto; L. E. Lameriche Reai, Prevost Edward Frazer and Donald McLean, Montreal; Hector C. McRae, Hamilton; J. Hawley, Sterling; John Wilson, Toronto; S. Hillen, Mitchell; R. Gailardet, Nicolet; Louis Braun, Napierville.

BANK OF AGRICULTURE.—At a meeting of the Provisional Directors of this Bank, held in Hamilton a few days since, the following appointments were made, viz.: Thos. Stock, Esq., East Flamboro', President; G. C. McKindsey, Esq., Milton, First Vice-President; William Hendrie, Esq., Hamilton, 2nd do.; George Taylor, Esq., Hamilton, Secretary.

CANADA AND NOVA SCOTIA BONDS.—For the first time in many years Canada Government six per cents are quoted at a higher figure than the corresponding class of Nova Scotia bonds in the London stock market. This is due, we believe, to the heavy liabilities our sister Province so recently contracted for the purpose of developing her great resources by a system of railways, liabilities which would have forced her to raise her customs tariff at least fifty per cent, had she not so timely been included in the Union.—*Montreal Gazette*.

—Brantford, Ont., is complaining of a want of Bank accommodation.

REGISTRATION OF AMERICAN VESSELS.—By an Act of Congress approved July 28th, 1866, every American vessel, either navigating the ocean or inland waters must, after July 1st of this year, have an official number furnished her by the Collector of the port whence she sails. The first vessel numbered under the new system was the ship Pocahontas, which cleared from a port for San Francisco last week. The number assigned to her is 20,017, which is symbolized by the letters J. B. K. W. carved on the beam under the after side of the main hatch. As there are two ships and two schooners bearing the name of Pocahontas, the advantages of the new system may thus be illustrated. In case the arrival, departure, disaster to, or loss of the ship "Pocahontas" is mentioned, the number will serve to show which Pocahontas is meant. In insurance cases, sometimes it is important to determine when a vessel was last seen afloat. The means of signaling passing vessels which this system furnishes, will render this question of easy solution. As money, anxiety for the safety of friends, and even life itself, is often saved if a vessel's identity is clearly established, the new system is to be commended, though a few owners object to it, possibly on the score of expense.