THE SILVER QUESTION.

(To the Editor of the Evening Telegraph.)

SIR,—Your remarks on my proposition to export a certain quantity of silver coin have surely been made without due consideration. To say that the quantity of silver currency in the country does not affect its price is simply incorrect, as, I think, it will not be difficult to convince you by a few practical statements. Last year, for example, there was a surplus of Canada legal tender silver, and the Bank of Montreal offered me fifty thousand dollars at two and one half per cent discount. This year the whole of this amount has gone into circulation, and it is now difficult to obtain a sufficient supply at par. You say no one thinks of paying a premium on Canadian silver, but if the coinage is not increased within a short time it will go to a premium; and I am now prepared to pay one-half per cent premium for fifty thousand dollars Canada silver, and at that price I can make a handsome commission on it. Again, British and American silver were worth no more intrinsically in 1861 than they are in 1869, yet owing to the smaller volume in circulation British silver was freely purchased at one per cent discount, and American silver was taken at par. You may reply that American silver could be exchanged for gold in the United States. True; but that only refutes your argument, for it could only be exchanged for gold because the volume of silver in the United States was only equal to what that country required for change. The moment shinplasters replaced silver and there was a surplus of silver currency, it fell in price not to its intrinsic value in gold, but to the arbitrary price given to it by supply and demand.

Within the last two years I have sold American silver in New York at three and six per cent discount. A month ago the price in New York was 96¾c in gold; it is now worth only 95c to 95½c.

Apply your remarks to the gold coins of different countries, and they will be nearly correct. The quantity would not affect the price, which would be governed not solely by the intrinsic value but by the rate of exchange; the rate of exchange being, of course, kept in check by the intrinsic value of the gold coin.

The common error which writers on currency commit is to treat silver coin as if it were intended as a medium of exchange in ordinary business and banking transactions: whereas its purpose is to be used in making change for the convenience of trade. It is not generally a legal tender in Europe or America except to a small amount; and in England in the United States, and in Canada, the silver coin is stamped above its intrinsic value in order to keep it from being shipped to India and China, where silver is worth more, as compared with gold, than the standard or legal price in England and America. You say that the quantity of silver coin along the frontier has not been sufficient for the requirement of business, and that greenbacks have had to be used instead. This is, if possible, more incorrect than the statements previously discussed. Every American buyer, every township's merchant and every Montreal banker, knows that gold can always be had in the United States for greenbacks, and that Canada bank notes and gold can always be had for them in Montreal, at a bare commission over New York prices. And, let me add, every Montreal merchant knows to his cost that abundant supply of silver can also be had. Many American buyers, it is true, do at certain seasons of the year when the course of exchange is favourable, and the price of gold (as measured in greenbacks) is declining, use American instead of Canadian currency, but there is no necessity for their doing so, and far from these greenbacks remaining in circulation in Canada, they are rapidly converted into Canadian currency here, and furnish millions of dollars of gold drafts on New York, which go to pay for sterling exchange purchased in that market. I can speak from experience on this subject, my own transactions in greenbacks being upwards of a million of dollars per annum.

Your objection to the duty on silver coin is equally untenable. Silver is no longer the ordinary lawful money of the United States, it has been so to speak *demonetized* by themselves, and they cannot complain if we follow their own example. So long as we admit their Custom House or gold currency, and their greenback or legal tender currency, they can have no just cause for complaint. Nor do I think the American Government has any desire to palm upon us a depreciated currency, for in a letter which I received a short time ago from the Hon. H. McCulloch, United States Secretary of the Treasury, he states that there being no demand for silver currency, the United States Mint is literally doing nothing in coining it.

I argue from these facts that if we can reduce the volume of silver the quantity remaining would become a convenience instead of a nuisance. The general business of the country would be transacted in bank notes, and the gold furnished by the shipping of the silver, would provide the means for an increased circulation of bank notes leaving the silver to be used as change.

In conclusion, let me express the hope that when you have more fully considered the subject, and seem that the circumstances in which we are placed are so exceptional as to make the ordinary laws of trade inapplicable to our condition, you will lend us your powerful aid. I remember how well you fought the battles of the working man in 1858, when we secured those changes in the tariff which laid the foundation of our now flourishing manufactures. The friends of Canadian industry sought to secure steady work and fair wages to our mechanics, but their efforts have been to some extent neutralized by a system which pays the wages of labour in a depreciated currency, discourages habits of economy by taxing the working man from 4 to 5 per cent on every dollar he puts in the savings bank; aye, and taxes even the servant girl the full reward of a day's labour, who remits a $5 bill to her widowed mother, or it may be to a sick brother or sister.

The idea that silver currency makes money more plentiful is quite fallacious. Every dollar of silver brought into this country has kept out its value in gold, for the Americans did not give us their silver coin except "for value received." Had the gold come in instead of the silver, it would have gone into circulation, or into the vaults of the Banks (those great "fountains" where the trading world quenches its financial thirst,) who would have been enabled to furnish a more abundant supply of bankable funds.

I admit that manufacturers and others who pay out large quantities of silver gain a portion of what farmers, merchants and mechanics loose, but as manufacturers have, in general, a very fair protection in the tariff, they cannot reasonably expect a second species of protection in the currency. Of course they cannot fairly be blamed for taking advantage of an exceptional state of things, which has added largely to their profits, but surely a system cannot be defended which serves to enrich one portion of the community at the expense of the other.

Very respectfully yours,

W. WEIR.

MONTREAL, 11th Jan., 1869.

GEORGIAN BAY CANAL.

(Editor Daily Telegraph.)

SIR,—The agitation for ten million acres of land, in aid of the Georgian Bay Canal scheme is now damaging the genuine commercial interests, and moral and political influence of the citizens of Toronto. When it is threatened with cheers in the St. Lawrence Hall to make the Government and Legislature *tremble* for their refusal under present circumstances to consider the merits and demerits of the proposed canal scheme, it is time and the duty of those who dissent from the propositions advocated to express their disbelief in the practical necessity for, the possibility of obtaining money to make, and the inutility to *Canadians* of the canal, if it were finished.

Unless their irregular and exorbitant demands, are complied with certain gentlemen, usually Conservative in their opinions, talk rather wildly of what must be done to effect their purpose, and the Hon. M. C. Cameron, theoretically very conservative, practically makes a very liberal, if uncalled for proposition as to the course he will deem it his duty to pursue in certain evantualities.

Now, Sir, the country has been watching the conduct of the people of Toronto towards the Legislature, and have felt not untutored by its rivals, sufficient jealousy of its influence. If the Government were to appeal to the country on this question and call for defenders of the public purse, and domain against the incapacity and rapacity of the Toronto canal and railway companies, very few friends of the city would find their way back to the Legislative halls.

Really genuine and practicable schemes, far advanced in preparation might then share the fate of dreams.

No doubt the Government feel if they have ten million acres of land to donate, and if that land under certain contingencies, would become a source of credit and means to create public works, their first duty would be to consider what public works would do the greatest good to the greatest number of the present generation of Ontario's tax payers. It will not probably be contended that Ontario should give away 250 townships of land for the exclusive benefit of a rival people, who fence us out of their markets with a tariff averaging 20 per cent. in height.

The Government would probably ask themselves, how this wholesale donation of territory, larger than many kingdoms renowned in history, was to harmonize with the free grant, or rather hapshackled system already established?

The Government would consider whether the ten million acres of land were to be made accessible and habitable by the construction of the canal; or, if any hitherto unnavigated waters were to be added to our system of navigation; and whether the proposed Niagara ship canal is to be a free canal, and would, in consequence, cause the total loss of all invested in the Georgian Bay Canal—in the Georgian Bay and in the Humber Bay—many millions would be required in both bays to make artificial harbours capable of floating vessels of 1,000 tons burden, the size the projected canal is to accommodate. How ocean vessels of such size are to reach Lake Ontario, and where they are to load and unload, or find anchorage, has not yet been indicated. Is it not a fact that there are no vessels drawing over 9 feet can come up the St. Lawrence canals (?) equivalent only to a lading of three hundred tons.

Is there a harbor on Lake Ontario, except Kingston and the mouth of the Niagara River, or a shipping port on the upper lakes to which a vessel can run, drawing over 11 feet.

Don't all ocean vessels of even 300 tons register draw over 13 feet?

Is the total freight shipped from the north shore of the Georgian Bay, the Manitoulin islands (for sale at 20c. an acre,) and the Canadian shore of Lake Superior, equivalent to the lading of six vessels of 1,000 tons each?

More noteworthy still, vessels of 500 and 600 tons burden, do, and have loaded whenever a cargo offered at any port on our coast line, from Collingwood to Fort William, and have sailed *via* the Welland Canal to Kingston or Europe.

The iron ore from the American side of Lake Superior is carried by vessels of seven hundred and eight hundred tons burden to the smelting works at Detroit and Cleveland. Therefore, of what necessity is the Georgian Bay Canal to Canadian, or even American commerce?

It is maintained that the Great West will fill the proposed canal with cereals, &c. If so, why does it not fill the Welland Canal?

The revenue from our existing canals has only paid 1½ per cent. on their cost.

The agricultural community would have just cause of complaint against a government that would give away one-third of the public domain to subsidize a canal company calculating to bring down not Canadian, but United States produce, to compete in all our markets at home and abroad, with the products of their farms. The odds against them already are too great and unavoidable.

Corn from 300 miles beyond Chicago is being now laid down in competition with Canadian cereals in Toronto, in large quantities, at 60c per 56lbs. Does not that fact affect the prices of peas, oats and barley? As to reducing the cost of breadstuffs to the starving millions at home, occasionally used as an argument for the canal; is not bread on the average as cheap in London as in Toronto? And are they not now feeding cattle on wheat in England. There is no use of heaping argument on false premises, if the Canal were finished on the 1st of May it would not reduce the cost of freight from Chicago to Liverpool, or shorten by 24 hours the average voyage of vessels from Chicago to Kingston.

For instance, a vessel leaving the head of Lake Huron by proceeding down through Lake Erie, at the average rate of speed of sailing vessels, 5 miles an hour, would *via* the Welland Canal, reach Kingston, about in the same time, as if she had gone through the Georgian Bay Canal, at canal rate of speed, 2 miles an hour, and the detention consequent upon the extra locking; so, that if the canal was built, and toll free, it would not be to the interest of owners to send their vessels through that canal.

Can a jury of 12 Lake Captains be got to deny these statements over their signatures?

What is really wanted and needed, is the enlargement of the Welland Canal, so that the largest sailing and steam vessels used on the upper lakes could go through easily.

To accomplish that useful and rational purpose—not requiring the thirtieth or fortieth part of the proposed cost of the Georgian Bay Canal, a very large amount of canal debentures payable in tolls could be sold in the United States.

No system of carrying from Kingston to Montreal can be devised cheaper than that now in operation, provided the Welland Canal be enlarged, and an increase of business obtained, which would stimulate and sustain competition.

The enlargement of the Welland would not only pay, if American commerce were tolled, but Montreal would then have a fair field in which to compete with New York for the North-Western United States trade. It is the low freights in large vessels to Buffalo, as compared with the high freights in small vessels to Kingston, from the Upper Lakes that embarrasses and disables Montreal in her competition for the trade with New York.

WATER SUPPLY.

The Grand River scantily feeds the Welland Canal, and will the Severn supply two canals, with locks double the size of those in the Welland Canal? There are two canals in the Georgian Bay Canal scheme, one to lift vessels up to the level of Lake Simcoe and the other to lower them down to the level of Lake Ontario. Yet the Severn in summer affords little enough water for a couple of large saw mills. It is said, in reply to this objection, that some huge hydraulic power is to be used to supplement the natural supplies. If there is a profit in raising water to let it fall again, why advocate the Georgian Bay Canal; to get the water power for Toronto, why not commence to pump our Bay, it will last as long as the Georgian Bay?

Very few people, not engineers, can comprehend the magnitude of the proposed works. I have heard it said, ignorant of its fact or falsehood, that the earth from the nine mile cut would cover four townships six feet thick, and that in this way the Holland Marsh is to be reclaimed! Would it not be better and cheaper to try hydraulics for that purpose? One authority alleges that the nine mile cut would cost more than the estimates for the whole canal; and another, that the estimates are all based on 25c. per cubic yard for earth-work, supposing no rock to be met with; while the actual cost of much of the earth-work would exceed $3 per yard, especially that spread on the Holland Marsh.

It was tempting to the Egyptian ruler to canal the Isthmus of Suez, having a *nation of serfs* to labor for him; because, with the Suez Canal finished, he could toll the entire trade of Asia, half of Africa, and all of Australasia. His canal affects the ultimate fate of British power and commerce in the east, because a saving of nearly two months on each voyage would be made, and a proportionate saving of wages and interest, while the cost of transporting troops and munitions of war would be greatly reduced; yet, not one guinea, have the Government, the Merchants, or the Engineers of England, given publicly to aid that gigantic and important enterprize.

The Isthmus of Panama is similarly situated as regards the United States, the Pacific coast of America and Australia, a canal through it would also save a two months' voyage, yet the nations interested, and capitalists shrink from the cost of such an undertaking. And shall we to save one day's voyage, at most two days time from Chicago to Liverpool, undertake a work of nearly double the magnitude?

Some members of our Board of Trade refer to the water-power to be created, forgetting that any quantity of power is available on the Welland and St. Lawrence canals, at $200 or $300 for each manufactory. The western trade, if it were to pass through such a canal, would do the rate-payers of Ontario no more good than is now done by the American vessels passing through the Welland Canal. We would see