

tors were authorized to sell all mature securities, with a view to a final closing of the Society's business at an early date. A sum of \$200 was voted to the President, and \$200 to the Secretary, as a token of the Society's appreciation of their services. The directors appointed were Messrs. Grange, Elliott, Higinbotham, Hazelton, Loghrin, Sandilands, Hadden, Fergusson, Logan and Dow. At a subsequent meeting, Geo. Elliott, Esq., was re-elected president, and E. Newton, Esq., Secretary Treasurer.—*Advertiser.*

Financial.

TORONTO STOCK MARKET.

(Reported by Pellatt & Osler, Brokers.)

Business has been quiet for the past week, and not much improvement can be expected for the next month; prices, however, continue firm.

Bank Stock.—Montreal advanced in the beginning of the week to 162½, but subsequently declined, the last sales being at 160½. British is asked for at 104½. Sales of Ontario were made during the week at 95½, 96, and 96½, closing in fair demand at 96. Small sales of Toronto are reported at 121; holders generally ask 124. No transactions in Royal Canadian during the week; buyers offer a small advance on 50, but there are no sellers. Commerce has further advanced; sales have been made at 102½, 103, 103½; buyers generally, however, do not offer more than 103. The shares of the Gore have been reduced from 84 to 82½; stock may now be quoted as worth 62½ to 65 on the reduced share. Merchants' declined early in the week from 106½ to 104; it has since revived, and there are no sellers under 106. Small sales of Quebec at 100½, which rate would still be paid. The last sales of Molsons' were at 109½. Buyers offer 99½ for City, with sellers at par. There are buyers of Du Peuple at 109, and no sellers. Nationale nominal at 107. There are inquiries for Jacques Cartier at 108. Nothing doing in Mechanics'. There are buyers of Union at 105, with sellers at 105½.

Debentures.—Canada 5's and 6's, both Sterling and Currency, are asked for, but there are none on market; Dominion Stock offers at 107½. Toronto are offering to pay 7½ per cent. interest. County are in fair demand at about 99.

Sundries.—City Gas is much asked for at 107 and 107½; no sales for some time past. There are no sales of British America Assurance to report since our last. Small sales of Canada Permanent Building Society were made at 122½ and 123, and a slight advance might be paid for a round lot. Western Canada Building Society is in great request at 118 to 118½; but there is no stock offering. Freehold Building Society still continues in demand; there are no shares in market. Montreal Telegraph sold at 132, which would still be paid. Small sales of Canada Land-Ed Credit at 89, at which rate there are sellers. Good mortgages are readily taken at from 8 to 9 per cent.

BANKING AND CURRENCY.

To the Editor of the Halifax Chronicle:

SIR,—When I formerly addressed you on the important subject of Banking and Currency, nothing was positively known as to the intentions of the Government. Much was surmised, but it was quite uncertain how far they would attempt to interfere with the existing bank note circulation. This state of uncertainty was removed when the resolutions of Mr. Rose were submitted to Parliament. Therein the policy of the Government was fully declared, and it was of a character so opposed to the best interests of the country that even staunch supporters of the Government felt compelled to oppose it. After the debate in which this opposition was so thoroughly and ably manifested, the resolutions were allowed to lie over; and it was only toward the close of the

session, and after considerable discussion and difference of opinion in the Cabinet, that they were finally withdrawn. While thus reluctantly withdrawing his resolutions, Mr. Rose gave it to be understood that they were not abandoned, but only postponed; and he expressed the hope that they would yet receive the assent of the country. There can be very little doubt but that they will be brought forward next session, and that every influence will be used to secure their passage into law.

As is well known, the representatives of the banking interests gave to the resolutions of Mr. Rose their decided opposition. An attempt was made to shake their influence by endeavoring to create the impression that this was the result of entirely selfish motives, and that they were looking after their own interests alone, while indifferent to those of the public. On the other hand, Mr. Rose repeatedly assured Parliament, in the course of his speech, that the measure of the Government "was framed solely with a regard to the great interests of the country," and that they had no ulterior object in view. Mr. Tilley endeavored to prove that the public, as evidenced by the petitions presented, were, to a considerable extent, indifferent. Another member of the Government told me that whenever he saw so many bankers in opposition to the scheme, he was sure it was a good one for the country. Now I have no hesitation in asserting that it was because they thought the policy of the Government would be most injurious to our mercantile and industrial interests that the bankers were so unanimously opposed to it. True, there was a well grounded dislike to being compelled to invest a large portion of their capital in government securities of variable value, and which would not be available when required for the redemption of the notes. They also knew that whatever legislation might injuriously affect the mercantile community must react upon the banks. To this extent the bankers were selfish in their opposition. But it did not arise from any fear as regards their profits, as might be supposed, as these would be nearly, if not quite, as much under the Government scheme as they were at present, while some thought that if they had merely consulted their own interests they would have welcomed the proposed change.

The question in reality is one which mainly affects the merchant, the trader, the mechanic, the manufacturer, the lumberman, and the farmer, as it would be impossible for the banks under the proposed system to grant them anything like the same accommodation as they at present receive. The object of this letter is to draw attention again to the subject, and to show what the result would have been in Nova Scotia had the resolutions of Mr. Rose passed, and what there is in store for us should the Government hereafter succeed in forcing their policy through Parliament.

The plan of the Government, as explained by Mr. Rose, and embodied in his resolutions, was to compel the banks to purchase government bonds to an amount equal to their circulation, and to maintain besides a reserve of gold equal to twenty per cent. of their circulation. The meaning of this is, that for every one hundred dollars of notes about the banks must originally possess one hundred and twenty dollars in gold, of which one hundred dollars were to be loaned to the Government, and twenty dollars held in their safe to meet any demand for specie payment. It will be seen at once that this was, in reality, whatever it may have been in intention, a grand scheme for obtaining possession of a large amount of gold by a forced loan from the banks. The latter were also required to hold in gold, or legal tender notes, a further reserve equal to one-seventh of their call deposits. This was the entire reserve which Mr. Rose supposed to be necessary for safe banking; an opinion opposed to the views of most practical bankers. To show that this scheme would not be very detrimental to the commercial interests of the country, it was necessary for him to put the reserve at the very lowest point, which

he accordingly did. And even with this very small reserve, he was obliged to confess that his scheme would withdraw at least \$5,700,000 from the available banking funds of the Dominion.

The following calculation will show the effect on the banking funds of Nova Scotia. I have taken the figures as given in the returns of the chartered banks on the 31st July last, which is the latest date to which I have access, and have added one-fourth for the two private banks and the Bank of British North America. At that date the total circulation was \$1,028,000, which, according to the Government proposal, was to be withdrawn, and other notes, based on government securities, substituted. The banks were required to hand over to the Government \$1,028,000 in gold for their bonds. They were also to keep a reserve of 20 per cent. in gold, and a further reserve of one-seventh of their call deposits. The total amount of specie thus required would have been \$1,358,000, to meet which the banks held \$703,000 in gold and government bonds, the difference, amounting to \$655,000, they could only obtain by permanently reducing their discounts to this extent. This, be it remembered, is according to Mr. Rose's own method of calculation; and yet it is equivalent to wiping out the capital of the Union Bank and half that of the People's Bank. But the calculations of Mr. Rose are defective in two particulars. He has not made provision for any reserve for deposits on interest, nor has he made any for the reserve of notes which banks must always hold in their tills, or which may be passing between the head offices and branches, and which are not in circulation. He has taken the amount of notes in the hands of the public alone as it stood on a particular day, or on the average; but there may be, and are, many days when it is considerably higher than on the day on which the returns are made up. A much larger amount than is made to appear in his calculations must be invested in government securities, and thus withdrawn from available banking funds. Adding to the \$655,000 required to be withdrawn from discounts, according to Mr. Rose's mode of calculation, one-seventh say of the deposits on interest, or \$225,000, and the very moderate allowance of one-seventh of the actual circulation for a reserve in the till, or \$147,000, and we have, at the very lowest estimate consistent with necessity and prudence, \$1,022,000 permanently withdrawn from the loanable banking funds in Nova Scotia, or more than the united capital of the Bank of Nova Scotia and the Union Bank. The following recapitulation will probably show the result more clearly:

Total circulation to be covered by Government bonds	\$1,028,000
Reserve of 20 p. c. to be maintained in gold	205,000
Reserve of 1-7th of \$877,000 call deposits	125,000
Total amount of gold required for circulation and deposits	\$1,358,000
To meet this amount the banks held in specie	\$620,000
in government debentures	83,000
	703,000
Making a deficiency to be taken out of discounts of	\$655,000
To which add—	
Reserve in specie of 1-7th of \$1,545,000 deposits on interest	220,000
Reserve of notes in till, viz., 1-7th of \$1,028,000 actual circulation	147,000

Shewing the total amount to be withdrawn from discounts to be

\$1,022,000

No scheme more injurious to the material interests of this Province could well be conceived than this with which we are still threatened. To conciliate the banks, if possible, and to prevent the damaging effects from being immediately felt, it was proposed to spread the operation over a period