No. 5.

EFFORTS, IN 1850, TO ASSIMILATE THE COINAGE AND CURRENCY OF CANADA TO THAT OF THE UNITED STATES.

On March 30, 1850, Sir Edmund Head wrote to Earl Grey from New Brunswick that the introduction of a common system of postages, and the prospect of an extensive intercolonial trade between the Provinces of B. N. America, rendered it especially desirable that there should be an uniform currency established in these countries. A Committee of the Executive Council of Canada, to whom the Earl of Elgin had referred a copy of Sir Edmund's despatch, (Messrs. Baldwin and Lafontaine being the Attorneys-General,) report, August 14, 1850, that they "entertain no "doubt that it would tend much to facilitate the growing commercial intercourse "between all the Provinces and the neighbouring States of the American Union, if "the currency were assimilated as much as possible to that of the United States. "In the United States there are two standards of value, gold and silver, but owing "to the slight appreciation of the gold Eagle, as compared with the silver Dollar, "the latter coin usually commands a premium in the market, and the former may "be considered as the standard practically."

The Committee of Council, also recommended that facilities be asked for, in order that suitable coins might be struck at the Mint, London, but the British Treasury objected to the [proposition to coin gold and] silver as involving a "most objectionable interference with the prerogative of the Crown."

Mr. Inspector General Hincks ably replied, that for many years nearly two millions of people had been been allowed to depend on the coinage of the United States, and on depreciated British silver tokens; that the currency of Canada ought to be assimilated to that of the United States, because of the great intercourse between these countries, and the circulation of bank notes of each on the other's frontier; that a uniform currency for all the Provinces, like that of the Republic, was far better than to continue a depreciated coinage.

Lord Grey wrote Lord Elgin, 9th April, 1851, that, in his opinion, all the Colonies would do well to adopt British sterling money as their standard, with a proviso that payments might be made in foreign coins at their actual value; and enclosed a very elaborate British Treasury Minute, dated 20th February of that year, [see App. Y. Y. to Journals of 1851,] urging the disallowance of the Canada Currency Act of 1850, disallowed July, 1851.

In that Minute, Sir C. E. Trevelyan urged a disallowance, owing to the assumption by the Legislature of the right of coinage; yet India has two Mints, although Congress had none till 1790, and California has already a Mint. Vattel was quoted to show that the public faith being surety for the money, the Sovereign alone has the inalienable right to have it coined, and it was contended that the Currency Act should have been reserved. In 1850, a dollar was rated at 5s. 1d. in Canada and New Brunswick (but changed to 5s.); 5s. 2½d. in Nova Scotia; and 6s. 3d. in Prince Edward's Island. Sir C. E. T., like Lord Grey, advised a change to British sterling money, while even England herself seems on the eve of adopting the decimal system.

The Lords of the Treasury considered that, as a large share of the currency here consists of five shilling or dollar notes, the American or Spanish silver dollar should have been continued at 5s. 1d. as an inducement for the banks to retain the silver dollar for the redemption of these small notes, and because its intrinsic value, as compared with gold, as rated, was about 5s. 1d. Reference was also made to the fact that there are times when the adjustment of transactions with foreign countries, drains a Province of its specie, in which case a Provincial coinage, undervalued, and held for local circulation only, would, in the absence of more current coin, disappear as bullion not to return. A mixed circulation, gold and silver, was held to