

APPENDIX B. B.—(See Journal, Page 179.)

SIR GEORGE ARTHUR, K. C. H. *Lieutenant Governor.*

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That an immediate resumption of specie payments, in the present distressed state of this country, owing to the late political events, and the general want of confidence in trade, would compel the Banks to stop all further discounts, and to call in their debts as fast as possible; and should recourse be had to suits at law, which in most cases would be necessary, it is a well-known fact, that no money can be realized at Sheriff's sales, without bringing ruin on the debtors, for neither goods or chattels, lands or houses, will now bring one-third of former prices; and so well are the public aware of this, that there does not appear to be any general wish to enforce specie payments. In stopping discounts, the advantages likely to arise from the rich crop of wheat now coming into market, would be in a great measure paralyzed, for in consequence of the scarcity of money, prices would, of course, fall to ruinous rates, or else there would be no sales for a foreign market. At the same time, the country would be drained of its specie, by those who are daily selling off their farms and removing to the United States.

It is therefore suggested, as an act of prudence on the part of Government, and of consideration for the state of the country, not to call upon the Banks to resume specie payments, until the present crop shall have been brought to market, and that a new impulse shall have been given to the prosperity of the Province, by the renewal of our usual emigration from Europe, and the additional capital derived from that source.

Besides the foregoing, this Province labours under many other disadvantages, which might justly be brought under His Excellency's notice: particularly as Mr. Secretary Macaulay, in his letter, intimates that the state of the currency in all parts of the Empire, is a matter in which Her Majesty's Government takes a peculiar interest. Such being the case, it may be fairly urged that the currency of Upper and Lower Canada should be placed upon an equal footing—which it never can be, until the circulation of the French half-crown shall be totally abolished in the latter Province, as it is in this; and that it shall no longer be a legal tender at 2s. 9d. when in fact it is an old worn out smooth coin, and is not recognized as a coin in any other country excepting Lower Canada: and its intrinsic value, as bullion, in the United States, is only about 1s. 10½d. or 2s.—equal to thirty-eight or forty cents.

Secondly—That the base copper coinage now existing, be entirely prohibited from circulation, and that it be replaced by a provincial coinage of good copper.

Thirdly—It may likewise be suggested, that there shall be established, by an Imperial Act, a certain silver coinage for use of the British Colonies on this Continent, consisting of dollars, and its parts, of equal weight and fineness to the United States dollar: as such a measure would put an end at once to the Banks of this Province deriving their supplies of specie from the Mint of the United States at Philadelphia—it being a profit to the Bankers of 1 or 1½ per cent, to melt down the Mexican dollar, and have it re-coined into American halves.

Fourthly—A silver coinage for the Colonies will be the more acceptable—for besides abolishing the French half-crown, it will also abolish the circulation of the British silver coins in this Province, against which the Lower Canadians complain, and which has already been brought under the notice of the Lords of the Treasury, by Mr. Commissary General Routh, as having been fixed by our Legislature at too high a rate. The Act, however, will expire in about another year.

It is unquestionable that, at the present moment the Banks of this Province are quite able to resume specie payments—the effect of which would be the withdrawal of the greater part of their notes from circulation, and so deprive the country of a circulating medium of its own: as silver and gold, in the present political state of men's minds, would either be hoarded up, or carried out of the Province. The Bank notes of Lower Canada, which are redeemable in French half-crowns, would then take the place of our notes: and all the real inconveniences of a bad and inconvertible currency would be immediately felt—although as yet it is little known, as our Banks are in the daily course of redeeming their notes by bills on London and New York, within one per cent of the Montreal rates, and that to any amount that may be offered.

It is not only from the depressed state of trade, and the great difficulty of collecting debts, that the Upper Canada Bank suffers inconvenience, and would be unable to afford the country any new discounts on a resumption of cash payments, but the well-known embarrassed state of the Provincial finances tends very materially to press upon the public credit, and has become burthensome to this Bank: as the holders of Government Debentures having, for