

and dry docks, to construct a wire tramway to and from their wharves to their yards, which is to be operated by a stationary engine or engines. The Gravel Road & Concrete Co., also of this city, desire similar powers as regards a tramway from their gravel pits in Scarboro to Toronto, with power to carry passengers.

*New Companies and Societies.*—We observe a considerable number of new companies and Societies are seeking to be incorporated. They are as follows: Ontario Knitting Machine Co.; Ontario Lager Beer Brewers' Association; Toronto Curling Club; Toronto Central Freight & Elevator Co.; Fishing & Hunting Co., Brockville; Provident Association of Ontario; Ontario Warehousing & Transportation Co.; Canada Silver Mining Co.; North Shore of Superior Silver Co.; Dundas Driving Park Association; Order of Foresters Friendly Society; Cobourg Female College; London Fuel Association; Dominion Oils Refinery Co., Sarnia; Toronto Dry Dock & Salvage Co.

*Municipalities wanting Legislation.*—The Ottawa City Council wants power to acquire sufficient land to widen Broad Street; and the Windsor Council an Act to provide for the working, management, and extension of their water works. The Council of this city gives several notices; one for a bill to enable the corporation to have all public street improvements made upon the "local improvement principle," another to enable the city to construct and operate gas works, and the third to make various arrangements in regard to the City Water Works. London Council desires authority to close part of Wellington & Pall-Mall Streets; and the Council of Bowmanville an Act to consolidate its debt, and to increase the amount thereof by giving bonuses to manufacturing companies.

*Proposed New Counties.*—The agitation for new counties is still apparent in several quarters, although the notices asking for legislation are fewer than last year. The thriving town of Strathroy will ask the Legislature to remove the West Middlesex Registry Office from Glencoe to that town, and also to set apart the townships of Adelaide, Caradoc, Ekfrid, Mosa, Metcalfe, the town of Strathroy and the villages of Wardsville and Newberry as a new county, with Strathroy as county town. An Act will be sought to carve a new county, to be called the County of Howland, out of the present County of Grey, with Durham as the county town, and another shuffle of nearly the same townships is proposed in the interests of Dunkald, which also aspires to county honors.

*Various Subjects.*—Mr. Geo. Morton gives notice that an extension of time will be solicited to put the Brockville and North Augusta Plank and Macadamized Road in repair. The Midland Railway Co. desire authority to guarantee interest, not exceeding \$9000 per mile, on such bonds as the Omeme, Bobcaygeon & North Peterborough Co. may issue. Confirmation will be sought of a by-law of the County of Grey granting aid to the Wellington, Grey & Bruce Railroad; the Council were unable to pass this

by-law because two of the poll-books were stolen. The hotel keepers will apply for an Act to protect themselves from fraud and fraudulent practices.

*Personal.*—Mr. John McSweyn, of Lindsay, will ask the Legislature to empower the Law Society to admit him as a barrister, solicitor in chancery and attorney, and Mr. Arthur O'Leary, of the same place, that he may be admitted as a barrister.

## Correspondence.

### THE GOVERNMENT CURRENCY.

*To the Editor of the Monetary Times.*

SIR.—I trust that you will afford me an opportunity of replying to your article on the "Government Currency," especially as I shall be able to convince you that on some points you have been misinformed. The subject is one in which wide differences of opinion prevail, and had your article been confined to a mere discussion of a theory, I should not have felt it my duty to crave your indulgence. You commence your article by stating correctly that "for several years previous the Bank of Montreal, for a most valuable consideration, had issued and redeemed Government notes, and as its own credit was bound up with such redemption, there was no difficulty experienced about it." But you wholly ignore the fact that the dissatisfaction felt by the other banks at the existing arrangement was so strong that it was impossible to continue it. The banks did not object, so far as I am aware, to the Dominion note issue, although they decidedly objected to its being under the control of the Bank of Montreal. You affirm that "practical men predicted that difficulties would arise," and you proceed to point them out. The first is that "every attempt to carry on a regular redemption of Government notes had failed." If this were true, then it ought to be a cause of gratification to all patriotic Canadians that our attempt has not failed, but, on the contrary, has been completely successful. But I deny the failure. To all intents and purposes the Bank of England issues are a Government currency. Our system is modelled after the system established by Sir Robert Peel in 1844, which has been repeatedly subjected to most severe trials without the slightest difficulty having occurred. That system has been thus described by a high English authority:—"That the functions of the issue department should be automatically confined to the exchange of gold for notes, and vice versa." You allege that "safeguards imposed by Parliament would be powerless to prevent the over issuing of notes." I regret that you entertain such an opinion. For my own part I feel assured that there is not the most remote danger of a violation of the Bank Act. Whatever temptation a Finance Minister might experience "to supplement by such issues a deficient revenue," he would not, I feel persuaded, dare to violate the law, and I am not of opinion that any Canadian statesman would even entertain such an idea. I deny that Government notes are "a dangerous and disturbing element in our finances." The best proof I can adduce is the increasing amount held voluntarily by the banks, which you can satisfy yourself of by referring to your own files. The Government do not enter into competition with the banks for the issue of notes above the value of \$2. The Government's large notes rarely get into the hands of the public; but are found most convenient for settling all balances throughout the Dominion, at the smallest possible cost where any is in-

curred. You will perceive by reference to the last Bank statements that the aggregate reserves of the banks in Ontario and Quebec were \$14,675,898, of which \$8,365,222 were held in Dominion notes, which must, had there been no such issue, been held in gold. I have not a Dominion note return of the same date, but the one nearest to it gives the circulation in round numbers at \$11,892,000, and the gold at \$3,100,000. The average stock of gold is about 25 per cent., and it has been found by experience to be most ample. Instead, therefore, of the banks being compelled to hold in gold \$8,365,222 now held in Dominion notes, the latter are protected by a reserve of \$2,091,305, showing economy in the use of gold to the amount of \$6,273,917, the interest on which, at 5 per cent., accrues to the public. You state that "the Act has worked exactly as was expected by practical men," and then you proceed to affirm that "it has been at times extremely difficult for the Government to redeem their issues." To this assertion I must be permitted to give an unqualified denial. No such difficulty has ever arisen, and "no financial disturbance" has been caused by Dominion notes. Pray name the occasion on which gold has been refused, or the ground for the assertion. I must likewise give an unqualified denial to the rumor that "our leading Bank has more than once come to the aid of the Government when a similar pressure has arisen." On no single occasion since the passage of the Dominion Note Act has the aid of any bank been offered to the Government. You proceed to suggest that a pressure may some day arise. That we may have financial crises I readily admit, and very inconvenient they are to all borrowers of money, and likewise to the banks, which are lenders. I do not, however, believe that the Dominion note circulation would be materially reduced in a period of crisis, because the banks would still hold it as a reserve, and public convenience would necessitate a considerable small note issue. At the worst period of the crisis of 1866, the Bank of England circulation exceeded the limit by ten millions. However, I shall repeat here the answer which I gave to an objection, such as you have raised, and which you have turned into ridicule by remarking that "gold could not be sent by telegram." Surely you are aware that the vaults of the banks are, except in special and exceptional cases, replenished by gold obtained in New York. A cable message, to which an answer could be got in a few hours, would furnish authority to draw exchange, which could be converted into gold in a few hours. However, it is superfluous to discuss hypothetical cases not at all likely to occur. But you affirm that "heavy balances in banks will not help the matter." Surely you have not reflected much on this point. You do not, I am glad to notice, suggest that the banks are unsafe, but simply that "they will pay the Government in its own notes." That would be precisely what was required to meet the difficulty. The cause of the applications to the banks hitherto has been that the percentage of gold required by the Act has been reduced, owing to notes being sent in for gold. If notes are withdrawn from circulation, precisely the same object is accomplished—that object being to keep up the required percentage of gold. While on this subject, I will notice the only objectionable feature in my original Dominion Note Act. It was adopted against my own advice, and with great reluctance; it is a departure from the principle of the Imperial Act of 1844, and it has been the sole cause of any financial embarrassment, not to the Government, but to the banks. That feature is the provision requiring a certain fixed percentage of gold to be kept up, no less than 35 p.c. when the circulation exceeds, as it now constantly does, \$9,000,000. My proposal was to limit the issue