

inconvertible. Of course, it does not follow that any party competent to issue a convertible currency, should be allowed to exercise such a function, though it is by no means certain that he should not. If such privileges were thrown open to all competent parties, a much higher standard of commercial morality than now exists, would be the result. Nothing would pass that was in the least degree tainted by irregularity or insecurity. Such power might be confined to parties engaged in no other occupation. The distrust which would naturally attach to a currency unsupported by any *fictional* advantage would necessarily restrict the loaning of capital, by the use of symbols, to a small number of parties of undoubted character and means, into whose hands would flow the greater portion of the loanable capital of the public.

Money, whether in the form of coin, or the notes and credits of banks, is *equally the instrument of expenditure.* To the extent that circulation can be had for such notes and credits, they serve as such instruments *even when issued against fixed capital, or as evidence of debt.* When in the form of coin, or of representatives of merchandise the equivalent of coin in value, the instruments of expenditures are limited to their proper subjects—the products of the daily industries of a people—or to those of other nations exchanged therefor, or for coin. As there can be, as a rule, no excess of such products, so there can be no excess of a currency, which is the measure of their quantity and value. The symbol rises and falls with the substance. Its retirement, or convertibility into coin, is necessarily secured by the laws of value, and the operations of trade.

Inflation commences, and is possible only when notes and credits, to serve as currency, are issued against fixed capital—such as landed property and public securities—or as evidence of debt. Whatever may be the kind of property symbolized, the notes and credits issued against it are the instruments of its consumption. Those of banks whose capital consists of real estate, for example, serve as instruments of expenditure of values equal to the same. So with a currency issued against public securities. These, as well as real property, serve to measure the extent of past accumulations. Their use, of course, consumes a corresponding amount of the fixed capital of the community.

When currency is issued as evidence of debt, it equally serves as an instrument of expenditure, as when issued against capital; but it must be paid, if paid at all, out of *future*, instead of *past* accumulations. Being, to its whole extent, in excess of the means of consumption, its expenditure must reduce such means in an equal degree. This *exhaustion or waste is repeated at every subsequent use of such currency.* It is an element of mischief perpetually at work. The degree of rapidity of this exhaustion will, of course, be in ratio to the amount of such vicious element; and it is perfectly demonstrable that if it be used to such an extent that the greater part of the transactions of society are carried on by it, utter bankruptcy can not long be averted.

Every banker of experience has only to refer to such experience to see, beyond all question, the inevitability of such a result. Suppose that all the paper discounted by the banks in the United States to be what is termed accommodation paper—paper made to supply a lack of capital, instead of being given in its purchase. How long would it be before every one would become bankrupt? Not a year, certainly. Not one quarter of such bills would be paid. The advances made on them would be almost entirely wasted. That the discount to any considerable extent of any but business paper, involves a corresponding loss, has become an axiom with all prudent bankers.

The usual solvency of currencies naturally creates a presumption in favor of all issues. Such presumption is constantly taken advantage of by parties who issue them, not as instruments by which capital is loaned, but for the purpose of supplying the lack of it. This is a great evil, and

often goes far to neutralize the advantages of their use. The imposition upon the public of currencies the evidence of debt instead of capital, is all the more easy from the fact that they are supposed to derive no small portion of their value from being issued under the authority of Government, and in a prescribed form. Indeed, the opinion seems to be almost universal, that by its mere fiat or declaration, Government is competent to make any article that it chooses money. So firmly is this opinion held, that it is nearly impossible to detach the idea of value from the insignia and authority of Government, which all currencies display. There never was a greater or more fatal delusion. The value of all currencies should depend upon that of the article used or symbolized. It is no part of the function of Government to give value to either. In providing a metallic currency, its functions are limited to the declaration that a given number of pennyweights of metal shall be called a dollar; and to the stamping of such declaration upon the coin. The value of the metal composing such is in no way affected by this process, but must always depend upon cost, or upon the estimate of the public of its value.

(To be continued.)

TORONTO STOCK MARKET.

(Reported by Pellatt & Osler, Brokers.)

The transactions in stocks were more numerous than for some time past, and the demand still greatly exceeds the supply.

Bank Stock.—There were large sales of Montreal at 138 to 138½; it is now procurable at the latter price. British is in demand at 105. There were considerable sales of Ontario at 100 and 100½; sellers generally asking 101. No Toronto in market; transfer books closed. Royal Canadian closed in demand at 87, with no sellers under 90; transfer books closed. Gore has declined; small sales at 40. Merchants' sold at 113½; books closed. Buyers offer 109½ for Molson's; no sellers under 110. Sellers ask 102½ for City, with buyers at 102. Sales of Jacques Cartier occurred at 107 to 107½, and it is in demand. Little Mechanics' offering; buyers at 95½, sellers at 98. For Union buyers offer 104½; no sellers under 106. Nothing to report in other banks.

Debentures.—No Canada debentures in market. Large sales of Dominion stock occurred at 105, and it is still procurable at that rate. Very large transactions occurred in Toronto debentures at rates to pay 6½ per cent. County continues in demand, with none offering.

Sundries.—There were sales of Canada Permanent Building society at 125, and there is a demand at that rate. No Western Canada in market; 117 would be paid. Considerable sales of Freehold occurred at 104½, and there are buyers at that rate.

Sellers ask 137 for Montreal Telegraph, with buyers at 135. Canada Landed Credit is offering at 72½. Mortgages are negotiable at 8 per cent. Money is rather tighter on mercantile paper.

MONTREAL MONEY MARKET.

(From our own Correspondent.)

Montreal, Dec. 15, 1868.

The money market has been very quiet, and I have no new feature to note. The prices of stocks and shares continue very high, and there is still great difficulty in procuring good investments.

LA CAISSE D'ÉCONOMIE DE NOTRE DAME DE QUÉBEC.—The following is the statement for quarter ending 1st December:—Balance due depositors 31st August last \$977,749 26; deposits received in September \$108,964 61; do in October \$108,697 94; do in November, \$144,887 14; total in three months, \$362,549 69. Less withdrawn:

In September, \$97,346 78; in October, \$106,192 90; in November, \$119,212 67. Total withdrawn \$322,752 35. Increase in three months, \$39,797 34. Balance due depositors this day, \$1,017,546 60.

PROVINCIAL NOTES.—Statement of Provincial Notes in circulation on the 3rd Dec., 1868:

Payable at Montreal	\$3,203,591
Payable at Toronto	1,202,409
Payable at Halifax	248,000
	\$4,654,000
Specie held at Montreal	\$500,000
Specie held at Toronto	450,000
Specie held at Halifax	49,000
	\$999,000
Debentures held by the Receiver General under the Prov'l Note Act	\$3,000,000

BANK OF ENGLAND.*

The following is the statement for the week ended Nov. 25, 1868:

<i>Issue Department.</i>	
Notes issued	£32,137,355
Government debt	£11,015,100
Other securities	3,984,900
Gold coin and bullion	17,137,335
Silver bullion	
	£32,137,355
<i>Banking Department.</i>	
Proprietors' capital	£14,553,000
Reserve	3,094,533
Public deposits (including Exchequer, Commissioners of National Debt, Savings' Banks, and Dividend Accounts)	5,427,506
Other deposits	18,103,008
Seven day and other Bills	572,289
	£41,750,426
Government securities (including Dead Weight Annuity)	£15,074,847
Other securities	16,662,170
Notes	8,894,000
Gold and silver coin	1,119,282
	£41,750,426

—The Huron and Erie Savings and Loan Society has just declared its ninth dividend—4½ per cent. for the half-year.

—The Eastern Townships' Bank has declared the usual half-yearly dividend of four per cent.

Insurance.

INSURANCE MATTERS IN MONTREAL.

(From Our Own Correspondent.)

MONTREAL, Dec. 15th, 1868.

The fire in the Examining Warehouse was caused by a drunken scoundrel named Duncan, who, by some means, found out that there was in the express company's department a case of valuable gold watches. These watches were placed in a pine desk, secured with a ten cent lock, the key of which was carefully hung up by its side. It will be difficult to prove that the premises were purposely fired by him. It seems that he entered the building with little or no difficulty by a cellar window. He had a bunch of matches with him, of which he lighted one at a time, throwing the burning stumps on the floor, during the whole time he was in the building. When he had secured the watches, he left by a side window of the excise office, without having at that time sat fire to the place. This was shortly after 7 o'clock P.M., and the fire was not discovered till about 6 o'clock the following morning. The city police caught Duncan shortly after the fire was discovered.