

were asked to issue such receipts for sums of \$10, they would have circulated in the place of silver, which would have taken a large amount of it out of circulation. The banks said they approved of the plan, but were afraid the English stockholders of the banks would not like it. The complaint the Banks made was that the silver throws their bills out of circulation, and thus diminishes their profits. If they adopted the silver certificate system they could issue three dollars of bills for each dollar they received in specie. We however, showed, in a former number, that the circulation of bills can only be maintained to a certain point. When that is reached gold will be required for every note issued, or gold be demanded of the banks on account of deposits, consequently when that margin is reached they may as well pay out gold as their notes. As the crisis advances the deposits will gradually decrease with the decrease of gold in the bank. Our deposits, *not on interest*, are now decreasing or being transferred to the deposits *on interest*. The banks are at the mercy of the depositors who require high rates of interest, and so ruin comes on apace. This fact is also established by the average circulation which the Bank of England maintains during a crisis, and of that of our Canadian banks also. Our circulation in bills and specie is now about the same in proportion to population that it was during the last crisis, and any increase in the issue of notes would cause a demand on the Banks for an increase of gold, which would leave them no better off than if they issue no silver receipts, and the country would suffer for change. It can thus be seen that the disease is vastly deeper than the silver question.

"5. The necessities of the government, which requires almost as fast as it comes in the large amount of duties now paying.

Lastly, over-trading generally; inferred

from the fact that the loans of the banks are higher than ever, and yet money is exceedingly scarce."

(Correspondence of *Witness*.)

"Those of our readers interested in financial matters, must have at least noticed allusions in the commercial department to a "tightness" in the money market, if they have not felt it. So serious does this stringency threaten to become, that some shrewd observers think there is a crisis at hand. Whatever may be the result, it is a fact that the banks are limiting their discounts, to the serious detriment of the commercial community; for, the fall importations are now coming forward, and unless money can be promptly obtained to pay duties, the goods must lie in bond instead of being on the shelves of importers, while the government is also kept out of money of which they are ever in need."

The fifth reason assigned by the "well informed person," whose views the *Witness* gives, and the correspondence added, betrays anything but that serene state of affairs promised by the *Globe*, or of that inflation anticipated by the *Witness*. The two extracts put together show that the importers have so overdone business that they cannot raise money in the country to pay the duties on their imports this year, how then will they pay for their goods? Over-trading is spoken of as one cause of no money. We have, in a previous number, shown that no over-trading, within a country, will make money scarce in it—that it arises from importing goods that should be and would be manufactured in the country, if the wholesale men were not so blind to their own interests.

We further add, that had it not been for the seven to nine millions of dollars that the banks have, as deposits, borrowed from the Americans, that the importers would have crushed *themselves* their customers, and the banks, before this. The correspondent, above quoted, sets forth six reasons to apparently attempt to prove the whole blame rests upon the banks,