

American banks, to maintain suspension. Mr. Hincks points out that suspension cannot afford more than a temporary relief to the country at large, because of the checks imposed upon the currency of the country by the foreign exchanges. And here the chief objection to the continued suspension of the chartered banks comes in, for they have a monopoly of exchange for which they charge the merchants and others who require it exorbitant rates. Moreover, they show favouritism in redeeming notes for some while denying others. The banks of Lower Canada, he thinks, have acted much more in accordance with the interests of the public than have those of Upper Canada. If, however, the Legislature should decide to further extend the period of suspension, some effort should be made to have the banks afford fair rates of exchange, say from two to three per cent. above New York rates, which was certainly a very liberal margin. From the evidence of Mr. Jas. S. Smith, a Toronto merchant, it appears that the chartered banks were accustomed to charge from four to five per cent. premium on New York during the past year. Indeed the burden of all the evidence from those representing the commercial interests of the Province turns on the exorbitant rates of exchange charged by the Bank of Upper Canada, and the withdrawal of the bank from the ordinary discount business of the country.

However, the chartered banks and their friends carried the day and a bill was passed extending the period of authorized suspension until the 1st of November, 1839, and leaving it to the discretion of the Lieut. Governor in council to authorize the banks to suspend for any further period which he might think proper. In deference to the wishes of the Home Government the banks were not to declare dividends during suspension.

In the course of the summer of 1839, the business of the Commissariat Office decreased and exchange on London advanced to a higher point than for a year past. The Bank of Upper Canada, taking advantage of the situation, disposed of its large holdings in London, reduced its excessive note issue and prepared to transfer its capital from the now unprofitable channel of foreign exchange to the more lucrative field of commercial discounts. It being no longer necessary to keep up an artificial suspension the bank resumed specie payments on November 1st, 1839, and the other two chartered banks followed its lead. The