

The British Treasury, in making its payments in Canada, would simply put at the disposal of the bank in London the specie voted for the public service in Canada, and the payments in Canada would be made by the bank notes there. The commercial bills on London purchased in Canada would furnish additional specie, and any further demands could be met by drawing specie from the banks in America whose notes were held.

Such, in essence, is Mr. Galt's plan for putting the Canadian currency and exchange on a stable footing. The first suspicious feature in it is the ominous facility with which it accomplishes the most difficult things, regardless of circumstances. Were it capable of achieving what Mr. Galt predicts, one could not but agree with him that it might be extended over the whole world. However, the scheme is evidently weak in its foundations. No explanation is given as to whence the profits are to be derived for the support of such an extensive machinery of exchange. We are simply left to infer that in some way the bank would derive a large revenue from having its paper in circulation. But, in the first place, under the acknowledged conditions of the time the notes could not remain in circulation. The combined Government and commercial bills on Britain, whose place in exchange the notes are to take, were not sufficient to meet the demand for means of remittance to Britain. Every Bank of England note, therefore, would be immediately secured and sent off as soon as issued under the stimulus of as high a premium as the Government bills had borne. The premium, however, would not go to the bank, which must issue its notes at par, but to the receivers of the notes on Government or other account.

Again, under the plan laid down, the bank would have no profit from discounting. Neither could it gain anything from the purchase and sale of exchanges, its own purpose being to maintain a par of exchange between Britain and America. In the case of commercial bills on Britain, purchased to provide specie in London, the notes issued for them in Canada would in most cases be presented for redemption in London before the bank had received payment for the bills.

The exchange of Bank of England notes for those of other banks, with a view to obtaining the specie in their vaults, could afford no profit, but would certainly entail considerable expense