

## BANKING AND CURRENCY.

The unanimity with which the bankers of Nova Scotia, New Brunswick, Quebec and Ontario have expressed themselves against the abrogation of the system of banking under which this country has so long prospered, and which has been found so well adapted to its peculiar circumstances, should cause those promoting a change to hesitate. It is neither politic nor statesmanlike to run full tilt against experience. When men who have made the subject of banking a special study and have had the best opportunities of judging of the requirements of the country, are so decided in their condemnation of the proposed government scheme, common sense should induce politicians to give heed to opinions having all the weight of authority. The system at present in force is fundamentally the best for Canada. Of course it is not so perfect as to be above amendment. Machinery might be devised for the enforcement of the double liability of shareholders, and provision made for summary liquidation. No banker should or could object to having the note circulation made a first lien on the assets, thus rendering its prompt redemption an absolute certainty. In case of impairment of capital, it might be made imperative to have the deficiency called up at once. Stringent rules might be framed to prevent the declaration of dividends unless an adequate reserve were kept on hand. But to secure such advisable amendments, it is not necessary to sweep away the whole system. The banks are now seeking a renewal of their charters, and such provisions could be incorporated in their new leases.

But it must not be supposed that the proposed scheme is opposed by bankers only. The number of petitions which have been presented to Parliament, signed by the most prominent merchants of our cities and towns, shows that our mercantile community is alarmed. There is good reason for such a feeling. The U. S. Comptroller of the Currency in his report for 1867, said :

"A paper currency furnished exclusively by the government \* \* \* possesses no inherent qualities which adapt it to the wants of trade. \* \* There is no relation between the source of supply and the business of the country. It is an iron currency in its utter want of that elasticity so essential in a circulating medium. This has been abundantly proved by the experience of the last five years. So far has the legal-tender currency been from performing the equable and harmonious functions of money, in its relation to trade and industry, that it has been the great disturbing element. By it all relative values have been unsettled, trade interrupted

and industry disorganized. \* \* \* \* \*

Nothing has been permanent. Violent fluctuations have characterized the market for every commodity, and speculation has usurped the place of regular and legitimate traffic." The last number but one of the *New York Financial Chronicle* contains the following significant statement :—"A special cause of embarrassment to business has also arisen from the abnormal condition of our currency system, resulting in frequent spasms in the money market, and rendering it impossible for merchants to get needful accommodation from the banks." So that merchants are interested in this matter, and merchants will be the first to suffer from the introduction of the proposed system. The present is, of all times, the most inopportune for effecting a change of system. Should times grow harder, and the banks curtail their discounts by the large amount necessary to carry on business under a system in which all circulation must be covered by a deposit of government bonds, no one can help feeling that a period of embarrassment is before us, as a community, more trying, more provocative of ruin and distress, than any crisis through which this country has ever passed. Ontario has the greatest interest in this matter, and it will not be well for the Government of the Dominion to gail the shoulders of a Province which has, and will have, to bear an unequal share of our national burdens. It is folly to kill the goose that lays the golden eggs. But while it is possible to beget grievances in Ontario which may lead many to despair of Confederation, it is equally possible to add fuel to the flame of repeal in Nova Scotia. That Province has enjoyed its present banking system for thirty years without the failure of a single bank. All the bankers of Nova Scotia have protested in the most earnest manner against change ; and it certainly is not politic, in the present state of affairs there, to alienate men who wield such influence as these bankers do.

It is not a question of party politics. Those most opposed to the Government scheme are supporters of the Government. The bankers' Ottawa meeting was attended by such men as Messrs. Simpson, Benson, McMaster and Gibbs, all in the Government ranks ; and we understand that among the opponents of a fundamental change will be found Hon. D. L. McPherson, Hon. G. W. Allan, and Messrs. Hillyard Cameron, Cartwright, Beaty, Harrison, and many others equally well disposed towards the Coalition. So that both inside the House and out of it the Government will find itself opposed by its warmest supporters ; and we may rest assured that it will receive but little aid from its political enemies.

## THE INSOLVENCY ACT.

Some petitions have been presented to the Legislature praying the repeal of the Insolvency Act altogether, and some praying its amendment. The Government measure consolidating the law on the subject and extending its operation to the various provinces of the Dominion, has been introduced. It is an improvement upon the old law, but we hope that, in its passage through the House, it will receive such amendments as will meet the wishes of the mercantile community. It deprives the debtor of power to choose an assignee, and makes the first step an assignment to one called the Interim Assignee, whose duty it will be to take possession, at once, of the debtor's property, and call a meeting of creditors. The Interim Assignee must be an Official Assignee of the county in which the debtor resides, or the Official Assignee of the nearest county. This prompt change of possession, of course, is intended to prevent that dissipation of effects which has too frequently characterised the period between the assignment and the first meeting of creditors. The creditors may continue the Interim Assignee or appoint an Assignee in his stead. When it is sought to compel liquidation, any one or more claimants may proceed in the manner that two or more could do under the old law. An additional ground for compelling assignment is where a trader sells or conveys the whole or the main part of his stock or assets, without the consent of his creditors and without satisfying their claims. At the first meeting of creditors, or afterwards, they may appoint Inspectors, from among themselves, whose services shall be gratuitous, and who shall superintend and direct the Assignee. Between meetings the Inspectors act for the creditors, but their directions are subject to revision by the subsequent meeting. Very full powers are given the Assignee to sell realty and personalty, to the best advantage. The remuneration of the Assignee shall be fixed by the creditors ; if not fixed an amount may be allowed, not exceeding five per cent of the cash receipts, subject to appeal on the ground of excess or inadequacy. The Assignee's accounts are to be ready in one month after his appointment, and statements are to be furnished by him every three months. No lien is created by a *fi. fa.*, if before payment to plaintiff under it, an assignment is made or the estate is put in liquidation. Preferential sales or transfers of real as well as personal property are presumed fraudulent and void, whether to a creditor or otherwise. A deed of composition and discharge may be made in consideration of cash or credit, secured or or not, and the discharge contained in it may be absolute or conditional upon the payments