

APPENDIX B. B.—(See *Journal*, Page 179.)SIR GEORGE ARTHUR, K. C. H. *Lieutenant Governor.*

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or withdrawing its present comparatively small amount of accommodation to the public. As evidence of which, it may be remarked, that when the Bank of Montreal did resume cash payments, on the 1st of June last, it was not under the necessity of contracting its issues;—on the contrary, it beneficially extended them; and it is prepared, as are, it is believed, all the chartered Banks in Lower Canada, to resume, without urging the necessity of any curtailments in their discounts, as a reason for postponing a return to a proper and legitimate course of business. It appears, however, imperatively necessary, that the Upper Canada Banks should be required to resume cash payments at the same time.

It is a matter of surprise, that in adverting to the relative state of the currency in the two Provinces, so much stress should be laid by the Cashier of the Bank of Upper Canada, upon an assumed protection afforded in Lower Canada to the Banks, in their exchanges with those of Upper Canada, in consequence of the French half-crown being a legal tender; and it is certainly somewhat singular, that so barefaced a departure from the fact should have been hazarded in an official statement, purporting to contain the truth, as to affirm or assert that the intrinsic value of the half-crown was only equal to thirty-eight or forty cents.

That the French crown and half-crown are depreciated coins, is admitted on all hands; and no difference of opinion can, it is conceived, exist with respect to the propriety and justice of reducing their legal value to their intrinsic worth, or of abolishing their circulation altogether, as a coin receivable in *tale*. But though some isolated instances may be found of a French half-crown so worn, as to be intrinsically not worth more than 1s. 10d. to 2s. so also may be found similar instances of the deterioration of the American half-dollar.

At the United States' Mint, however, the crown is still received at one hundred and nine cents—(not one per cent discount)—and the half-crowns may be paid into the Banks at fifty cents, or two shillings and sixpence, currency: and if taken indiscriminately, and weighed against American half-dollars, the difference in weight upon two hundred pieces will be found only equal to about 3s. 4d. currency—not quite one per cent under the new half-dollar; and when that difference is put against the *superior purity* of the metal, more than one and one-half per cent in favour of the French silver, it is very evident that prejudice and interest combined dictated the assertion.

Mr. Ridout, in his letter of the 28th February, says that it is understood, “the Banks of Lower Canada are provided with large amounts of money, inconvertible in all other countries, on which they may, with impunity, rest a resumption of specie payments.” From what source such unfounded information was obtained, it is impossible to conjecture; but it is a fact, that when the Bank of Upper Canada was urged to resume specie payments in the spring of 1838, he was distinctly informed that the Bank of Montreal possessed very few of that description of coin—and when subsequently it did resume, half-crowns were not tendered in any amount in redemption of its paper. In fact, with the exception of a few hundred received and paid away in the daily operations of the Bank, no transactions in deteriorated coins took place; and at the present moment there are not five thousand French half-crowns in the Bank. And it is believed that your Excellency will find, by the returns which have been required from all the Banks in the Province, and the Receiver General, that the amount in their respective vaults of such description of coin is comparatively trifling, and cannot shield them from any foreign demand upon them for any considerable sum. It is impossible to estimate correctly the amount of half-crowns which may be in the hands of the French population—but assuredly, whatever it may be, it forms a very small portion of the circulating medium of the Province.

The poverty which unfortunately prevails throughout the Province, warrants the assumption that, there cannot be over £100,000 in Half Crowns in the possession of the whole population: and this must be hoarded up; for it is rare indeed, to receive any considerable amount in the course of business in this description of money.

With reference however, more particularly to the general state of the Currency in Lower Canada, it is certainly desirable that the French deteriorated coins should be driven from circulation; and it would be *politic* and just that provisions should be made—in the Ordinance which your Excellency directed to be prepared some time ago, giving a new legal value to certain gold and silver coins, and which, it is understood will soon be submitted to the consideration of the Special Council—for their gradual redemption by the Government, with a view to their being, within a limited time, abolished as a legal tender in *tale*. But should the finances of