

THE SHAREHOLDER,

A Railway, Banking and Investors' Gazette.
Subscription, \$4 per annum; England, Post Free.
£1 stg. Advertising Rates, 20 cents per line.

Where a correspondent wishes an opinion of the value of any Bank or other security by mail, an envelope addressed and stamped must be enclosed.

Questions as far as possible answered as to when to sell and where to invest.

All letters to be addressed to W. J. PRATTEY, Proprietor, 763 Craig street, Montreal.

THE SHAREHOLDER.

MONTREAL, FRIDAY MORNING, OCT. 3, 1879.

Communications intended for this paper, to secure attention, should reach the office at noon on the day previous to that of publication, at the very latest.

NATIONAL CURRENCY.

A few well-meaning enthusiasts met the other day in the parlor of the Royal Hotel, Hamilton, for the purpose of pressing upon the Government a currency scheme under the delusive title of a "National Currency." The deliberations took the form of a series of resolutions urging:—(1), the suppression of bank-notes, and the substitution of paper money by the Government; (2), that the Government money shall be a legal tender for the payment of debts; (3), that it shall be inter-convertible into Government stock bearing interest at 3 per cent.; and (4), declaring that the Government, in making the change, shall see that no injustice is done either to business or the banks. There is no mention, however, of a redemption by the Government of the paper in question, and the whole scheme is nothing more or less than the oft-exploded idea that a government can create money. Our friends, however, are not likely to suffer from the lack of modesty in their pretensions, for the fiat-money which is to be created by the Government is to be dignified by the high-sounding designation of a national currency. The use of this title is, no doubt, to win the favor of those who admire the national currency system of the United States, between which and it there exists, we may remark in passing, not one point in common. The national currency of the United States is issued by the banks and payable on demand; it is limited by the wants of the country and the consequent ability of the banks to keep it afloat; and its only connection with government is that its issuers have deposited security in the hands of the officer appointed for the purpose for its ultimate redemption. The currency proposed by our Hamilton friends, on the contrary, demands the entire suppression of bank notes, the issue of an irredeemable, unlimited and unsecured currency. It is not our purpose, at present, to assail the honesty of purpose of those who advocate this measure, however much this may be open to attack. But their brilliant financial nostrum is nothing new; from time immemorial there have

been clever men entrapped into the belief that Government could create money. Hosts of needy adventurers have stood at all times ready to launch similar fantastic crudities at the bidding of a necessitous Government. The continental currency of the United States—the French assignats—the old tenor money of the colonial days of New England—the legal tender notes of John Law, and the more recent legal tender issues of the American Government, and other cases have, one and all, in their turn demonstrated the utter futility of maintaining the purchasing power of a mere piece of paper, promising nothing and not contemplating redemption. In the cases of the continental money—of the French assignats, and of other irredeemable currencies, although penal laws, enacting the harshest measures, were adopted to sustain the credit of the issues, and committees of safety organized for the purpose of punishing those who refused to sell their corn, etc., at fair prices,—all was in vain; neither penal enactments nor the patriotism of the people availed to sustain their paper, while, if the barbarous laws of a former day were not adopted by the American people during the late issue of irredeemable currency, it was only the result of the more advanced intelligence of the people in these days. But all failed; neither legislative enactments, the patriotism of a people, the inter-convertibility of the money, nor the force of public opinion were able to avert the inevitable result; and, if the late experiment of the United States did not end in disgraceful bankruptcy, it was only because the people retraced their steps in time, and returned as rapidly as circumstances would allow to first principles, thereby setting a noble example to succeeding generations. The fact is that the records of the past prove, in unmistakable language, the utter absurdity of expecting that any currency not based upon a *bona-fide* promise to pay on the part of some one whose promise is considered good, will long maintain a uniform purchasing power, and if, by some extraordinary fatality, such a currency were established in Canada, there are no exceptional circumstances in the resources or the wants of our country to warrant the hope that the result would be different from that of the other similar schemes that have from time to time been foisted upon a too credulous people. The fact is that the bank-note currency of Canada has served us well in the past; the losses to the holders have been trifling, and of literally no importance as compared to the wholesale ruin and disaster that would be the inevitable result of an unlimited and irredeemable paper currency. It may be deemed advisable to make some improvement in our system of currency by way of rendering it more perfect, and, if our friends of the "ambitious little city" will turn their attention this way, they will find the field perhaps rather limited, yet still wide enough, for the exercise of as much intelligence as has given birth to the four resolutions we have quoted.

THE DIGNITY OF BANKING.—In addition to the seal of autocratic secrecy so much affected by our bankers in their communications with shareholders, not only by those whose institutions may be weak and unprepared for the admission of even a very little light, but perhaps just as much by those who have really nothing to fear by a little more frankness, there exists an analogous air of dignified reserve between the banks themselves—an icy coldness, as it were, in their communications with one another, arguing, we must say, a want of respect and confidence between those whom we are accustomed to regard as the *ne plus ultra* of our most honorable men. We are aware that this subject is a delicate one to handle, and have no wish to dictate to these men—it would ill become us to do so; but we are bound, as faithful journalists, to reflect accurately, as far as in us lies, the views which are from time to time brought before our notice. It certainly appears that the managers of the different banks would, by mutual conference and discussion of the general trade of the country and other topics of great moment, be enabled to suggest to one another points of weakness in their system pursued, and thereby gain much useful knowledge, while the more experienced would in many cases be able to impart to the younger members of the profession the benefit of their more matured observation, and thus a good work would be done in many ways. In other countries the rule obtains; the Scotch bankers meet for discussion on matters affecting their special business interests; the American bankers meet annually in almost parliamentary style, and thus extend their usefulness and their influence, and we cannot avoid the conclusion that our own bankers, if they followed so good an example, would discover many points, the development of which would be of great value to their institution and to the country at large.

SHALL THE CRIMINALS BE PUNISHED?—

While we have to congratulate ourselves in Canada that the ultimate losses from unsound banking and insurance to the public at large in twenty years have been comparatively insignificant, when the enormous magnitude of their operations during that period is taken into account, it must yet be said that this is but poor consolation to the actual sufferers, outside of the shareholders, if they are, as we believe them to be, but few in number, and for the benefit of these, as well as of the more unfortunate shareholders, we would throw around banking every legitimate safeguard that the law can give. Still we are of the opinion that the wisdom is not yet evolved in the march of human intellect to devise any certain means of safety. There is one thing that may be done, however, and that is the swift and certain execution of justice in the case of fraud; the whole community has been ringing with charges of malfeasance; men in high places have been recreant to their trust, have alienated the money entrusted to them or have