

"system, ought to be retained for purposes of redemption; and if any, what in proportion to "deposits?"

Mr. Paton, General Manager of the Bank of British North America, does not favour a direct issue of Government Notes, but is in favour of a circulation of Bank Notes based upon and secured by Government Debentures. The main features of his plan correspond with those of Mr. Rose, as embodied in the Resolutions. He, however, fixes the proportion of specie to deposits payable on demand, and current accounts at one-third, and to special deposits requiring notice of withdrawal, at one sixth.

Mr. Allan doubts whether any change would be an improvement. He considers that the specie reserve of a bank not holding any government securities should be twenty-five per cent. of its aggregate circulation and deposits.

Mr. H. Stephens disapproves of the direct issue of Government Notes, but considers a system similar to the National Bank System of the United States, would be best adapted to Canada. He is of opinion that twenty-five per cent. calculated upon the total amount of Bank Note circulation and deposits not bearing interest would be amply sufficient.

Mr. Rae, Cashier of the Merchants' Bank of Canada, thinks "the issue of Bank Notes, under certain restrictions, as a circulating medium, better adapted to the wants of the Dominion than that of either a direct or indirect Government issue," and that one-fourth of total liabilities should be held in reserve in addition to Government securities.

Mr. Stevenson, Cashier of the Quebec Bank, is opposed to any form of Government issue, and thinks the wants and interests of the country are reasonably well served by the existing system of banking. He considers one-fifth of the circulation and deposits should be held in specie.

Mr. Vezina, Cashier of La Banque Nationale, prefers the present circulation of incorporated banks, and thinks it especially true in matters of banking and credit that proprietary is better than Government management. He assumes that experience has shown that a reserve would be sufficient of one-fourth of circulation, and one-seventh of deposits.

Mr. Cartwright, of Kingston, is of opinion that, aside from the financial position of the Government, the best plan would be to call in all Dominion Notes, to remove all restrictions on the rate of interest chargeable or recoverable by banks, and "to levy a heavy tax, say of 2 to 2½ per cent. on the gross circulation, in lieu of the present nominal one."

Mr. Buchanan recommends that the banks should give up all their gold to Government, receiving in return inconvertible legal tender notes; and that Government should with the gold, purchase British Consols, and account to the several banks for the interest, after laying aside a margin of ten per cent.

Mr. Hope, of Hamilton, is in favour of a direct issue of Government Notes, but only a change for gold. He is of opinion that there should be established a Government Bank of Issue, confined in its operation exclusively to the issue of paper money in exchange for gold, such paper money to be legal tender in all transactions throughout the Dominion, but redeemable in gold on demand at the Bank of Issue that it should retain at least one-fourth the amount of its issues in gold, that other banks should be confined to regular banking business, that they should be obliged to hold gold or Government Notes for not less than one-fifth of their deposits, and should receive a per centage on the average amount of Government Notes held in their vault and that all restrictions on the rate of interest should be swept away.

Mr. Strathly, Manager of the Canadian Bank of Commerce, holds that the system existing in Canada prior to the passing of the Legal Tender Act, with some additional safeguards, is the best adapted to the requirements of the country. He thinks the circulation should be a first lien on assets, and that the double liability of shareholders should be made available within a reasonable time, say a twelve-month after suspension, instead of waiting to realize upon assets, which might be a work of years. He would not have under any circumstances, the proportion of specie to circulation less than 23 per cent. and to deposits less than 20 per cent.

Mr. Hague, Cashier of the Bank of Toronto, views with the greatest disfavour a direct issue of Government Notes, nor is he in favour of an indirect issue, but recommends the adoption of the present system with additional safeguards.

The Ottawa Board of Trade suggests the establishment of a Government Bank of Issue and Deposit, not of Discount. The notes issued by this Bank should supersede in three years the notes of all other banks, and should be always redeemable in gold on demand. Legal deposits of local banks to be made in the Bank of Issue, the specie retained for redemption to be one-third the circulation.

The Guelph Board of Trade while opposed to the issue of paper money on the security and under the control of Government for the purpose of trade, thinks much good might result from the establishment of a Loan Fund, for clearing, improving and draining lands.

The Brantford Board of Trade does not favour the direct issue of Government Notes as a circulating medium to a greater extent than at present existing. It considers that one-fifth of specie should be held as security for circulation and deposits.

Mr. Stirling, Cashier of the Union Bank, Halifax is of opinion that the existing banking system is admirably adapted to the requirements of the country with judicious precautions to ensure full and reliable returns within reasonable periods. He considers from his own observation that one-fourth of circulation, and one-fifth of deposits, be a sufficient specie reserve.

Mr. Jack, Cashier of the People's Bank, Halifax, reasons that under the present system the trade and commerce of the country has been developed and built up, that experience having proved it to be highly beneficial and exactly adapted to the wants of the community, it is hardly advisable to change it. "I may prove it if defective, but do not radically change it." He considers twenty-five per cent of circulation and deposits a sufficient specie reserve under any circumstances.

Mr. Rowley, Cashier of the Bank of Yarmouth, thinks a circulation based on Government Securities, is the preferable form.

Mr. Kilham, Yarmouth, has no plan to state, but thinks the Government should leave the issuing of legal tender notes to the banking institutions, under such checks and guards as may be considered advisable.

Mr. Wilmot has long held the opinion that an issue of legal tender notes by the Government to an extent not exceeding the annual revenue and taxation would be a safe and legitimate circulation. To supply the circulation required beyond the issue named, he suggests that public securities, or others equally valuable, should be deposited with a controller of the currency, and Dominion Notes issued for a reasonable proportion of the value. He thinks the present circulation in the Dominion, stated at \$4 per head, far below what is required. He is of opinion that if the circulation was all in Dominion Notes, twenty per cent. of specie would be ample to meet every ordinary emergency.

Mr. Lewin, President of the Bank of New Brunswick, is of opinion that the existing system in its general principles is the one best adapted to the requirements of the country. He thinks, as a general rule, probably fifty per cent. of a bank's circulation, held in specie, would be sufficient to meet all its demands for circulation and deposits.

Mr. Thomson, of Queenston, recommends Government to make its issues the only currency of the nation, issued against deposits of Government Bonds, such bonds to cease to bear interest, but returnable to the depositor in exchange for notes at any time under five years the interest on the Bonds then to recommence.

POSITION OF THE ROYAL CANADIAN BANK.

THE Directors have issued the following circular.

TO THE PUBLIC.

"The Directors of the Royal Canadian Bank regret that the action of the Hon Mr. Donald McDonald, in issuing a circular to the shareholders has had the effect of shaking public confidence in its stability and causing a large withdrawal of deposits.

"The assistance of a number of other banks having been sought, but declined, no other alternative was left to the Board than to suspend specie payment for the present.

"The Directors would urge upon bill-holders and depositors, not to be alarmed, as there is not the slightest danger of loss to them, and many hopes are entertained that within a short time, the business of the Bank will be resumed.

"They may further state that, having had the assets carefully estimated and all known losses deducted,

there is still a surplus over the paid up capital intact. A statement of the affairs of the bank will be prepared and published as soon as possible.

"By order of the Board,

"T. WOODSIDE,
"Cashier"

In the Official Bank statement, published last week, could be seen the condition of the Royal Canadian Bank, as on April 30th, 1893. For the sake of comparison, we repeat the figures, with the statement of the Directors for May 15th, to show the extent to which the Bank has been called to pay out specie, or its equivalent, resulting in its suspension.—

	April 30.	May 15.
Capital authorized	2,000,000	2,000,000
Capital paid up	1,162,803	1,162,803

LIABILITIES.		
Promissory Notes	933,068	857,910
Balances due to other Banks	34,691	88,731
Deposits not bearing interest	497,420	870,113
Deposits bearing interest	782,408	633,071
Total Liabilities	\$2,307,580	\$1,930,431

ASSETS.		
Gold, Bullion & Provincial Notes	558,351	135,629
Government Securities	128,911	128,911
Notes of other Banks	110,521	68,737
Balances due from other Banks	155,777	273,467
Discounts	2,708,183	2,643,430
Other Debts	82,457	83,617
Total Assets	\$3,760,233	\$3,832,951

From the foregoing comparison, it will appear that during the first half of May, the Bank had lost \$400,000 of its reserve, while it had gained \$100,000 in notes and balances of other Banks, its discounts in the same time being reduced \$100,000. For two months previously, the Bank had also been called on to meet its liabilities with great rapidity, having reduced them from March 1st, to May 15th, to the amount of \$1,215,627. Notwithstanding the heavy drain on its resources, the Bank still held, beside its Government Securities, cash to the amount of \$527,833, or over 27 per cent of its total liabilities. We do not see how the Directors can have been justified in closing the doors of the Bank, with this reserve still on hand. It is stated that they made profitless application to the other Banks for temporary assistance and that the Bank of Montreal in some way had it in its power to make further heavy demands for coin, in settlement of balances; nevertheless, the mere fact of suspension with over half a million of dollars at command, showed want of courage and needless precipitancy in bringing on the crisis which it was their duty to postpone as long as possible.

We cannot see, if the published statements are reliable, how there can be any loss sustained by note-holders, other than that caused by their haste to sell whatever notes they happened to have when the suspension was announced, the discount in some instances being as heavy as forty per cent. Unless the item represented by Notes under discount is untrustworthy to an incredible extent, there will be a large surplus left after paying all creditors; and if the assurance of the Directors that no more than \$250,000 of bad debts can possibly be made under any circumstances, may be accepted as reliable, the entire paid up stock of the Bank will remain, and nothing be lost to shareholders but undivided profits on previous business.

It is confidently expected that the Bank will shortly be in a position to resume business. A large portion of its capital—over two-fifths—still remains to be called in, and with what can be obtained from calls, and from the realization of its assets in the shape of notes maturing, it can hardly be supposed possible that the present is more than a temporary suspension.

If the reports are true that the Royal Canadian Bank—showing as good a statement as it did—asked assistance from the other banks and was refused, we can only say that we fear the policy that dictated such a refusal was shortsighted, however dangerous it might have appeared for any Bank to weaken its reserve. None of the Banks could stand a run of a persistent character, and the suspension of one—the Royal Canadian—might easily be followed by a panic, which would cause a rush on the part of frightened depositors and note-holders, and result in general closing of Bank doors.

The Bank of Montreal stands charged with deliberately endeavouring to ruin the Royal Canadian as happily succeeding too well—for the purpose of shaking public confidence in the existing banking system, and forcing such a change in public sentiment as would enable Mr. Rose to carry his currency