

there is scarcely any money left in our banks, and you believe from the light those facts afford that they are full to overflowing, who can beat you in believing a lie? And, alas! who can surpass you, and the *Globe*, with your united circulations, in sowing error, and causing wide spread ruin and desolation through the length and breadth of our fatherland.

We write as we feel, and we feel from our inmost heart, in advance, for those who will suffer from your prophecies and teachings, in the days of evil that are rapidly approaching, unless they are averted by wise and speedy legislation.

The following, quoted from an able article on the "*Nature and effects of paper currency, the expansions and contractions which result from the use of it, issued under the present system*" is given to show the land-marks or downward steps in the pathway to a monetary and commercial crisis. The article was furnished to *Hunt's Merchant's Magazine*, but may also be seen in the September number for 1857 of the *Canadian Merchant's Magazine*, page 488:

"When the contraction commences, the first class on whom it falls is the merchants of the large cities—they find it difficult to get money to pay their notes. The next class is the manufacturers—the sale of their goods falls off. The labourers and mechanics next feel the pressure—they are thrown out of employment; and lastly, the farmer finds a dull sale and low prices for his produce, and all unsuspecting of the cause, have a vague idea that their difficulties are owing to 'hard times.' And not only does this system—of paper money—by its great issues of *credit money** disturbing the

laws of trade, destroying all careful business calculations, and exciting, to the wildest pitch of frenzy, over-trading, one-sided over production and speculation—cause all those extraordinary fluctuations of trade and credit; but the *banks* often head the long list of bankruptcies, and give the fatal blow to great commercial houses staggering in very drunkenness under the stimulus of *expanded paper*. Periodical revulsions in trade of a frightful character, accrue from the false system. Its terrible effects have been seen by all, and we have become so familiar with them that we regard them as the natural phenomena of business operations—but it is not so—they can only be produced by a false and delusive currency."

Our paper currency is absolutely unsound; all business operations based upon and conducted with it, are inevitably unsound also.

In the quotation given we are reminded that the banks in the States often head the list of bankruptcies.

Our Merchant's Bank has already received a staggering blow from a sister institution and if it had not been for the timely aid afforded by others it would have been crushed—for it only possessed about one third the amount that the Bank of Montreal demanded of it—with it all the commercial houses depending upon it, the manufacturers who sold to them could collect no pay, nor sell any more goods, the mechanics and laborers thus thrown out of employment would thereby unhinge and paralyze the industry of the country. If one bank had been crushed others would have followed. The manager of the Bank of Montreal endeavored to open the trap door down to that state of ruin and to shove the whole industry of the country into it. An All-wise and loving Providence brought his infernal and truly hellish intentions to naught, but has also, we believe, thus allowed us a timely warning to guide us for the future.

* This writer defines credit money to be every dollar of paper paid out that has not a dollar of gold as security for it in the bank. The bankers beg to be trusted for more bills than they have gold, and when the gold is demanded of them, demand gold of those they trusted for the paper dollars—credit money—they gave them.—Editor C. O. P.

We will here notice the *Globe's* statement that "money for loans is