

APPENDIX B. B.—(See Journal, Page 179.)

FOURTH SESSION, THIRTEENTH PROVINCIAL PARLIAMENT, 2nd VICTORIA.

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rency of this Province, has been for some time under the consideration of the Executive Council, and is now before the Special Council: and I hope that should no provision be speedily made by Her Majesty's Government, to establish a good Silver Coinage for the Colonies, that I shall be able to submit to the Special Council the measure suggested by your Excellency—that the Foreign Gold Coins recognized by the American Congress in the year 1835, should be made a legal tender by an act in this Province.

I have &c.

(Signed)

JOHN COLBORNE.

His Excellency Major General

SIR GEORGE ARTHUR, K. C. H.

&c. &c. &c.

(Copy.)

BANK OF MONTREAL,
Montreal, 22nd March, 1839.

With reference to the despatch of Sir George Arthur, No. 8, dated 9th instant, on the subject of a resumption of specie payments, by the Chartered Banks of Upper Canada—the cause assigned by Mr. Ridout for the suspension, on the part of the Bank of Upper Canada—his reasons why that suspension should be continued, and the necessity of assimilating the currency in both Provinces, as a means of facilitating a return to cash payments, so clearly set forth by His Excellency the Lieutenant Governor of Upper Canada.

It is respectfully submitted, that the erroneous policy pursued by the Bank of Upper Canada, in not suspending specie payments in May, 1837, when that course was adopted generally by other Chartered Banks, equally well prepared to meet their engagements, is illustrated by the fact, that when a resumption did take place in June, 1838, as well in Lower Canada as in the United States, that Institution was, it is believed, the sole obstacle to a resumption by the other Chartered Banks in Upper Canada; and so far from its having granted to the public *every indulgence*, it is notorious that the positive refusal to afford the ordinary and usual accommodation, caused serious injury and embarrassment to the commercial community of the Upper Province, and produced great inconvenience to the Merchants of Lower Canada connected therewith.

This result is clearly observable, even from Mr. Ridout's own statement, wherein he shews the contraction of his issues, the increased specie balance in the vaults, and the decreased liabilities of the public to the Bank—undeniably evidencing a material diminution of the usual accommodation.

The attempt to cast upon the Commercial Bank, the odium of a non-resumption of specie payments, in June 1838, cannot be considered fair or just.

That Bank was, of necessity, compelled to follow in the wake of the Bank of Upper Canada, which possessed the advantage of all the Government deposits. But it was prepared to resume simultaneously with the Bank of Upper Canada, could the Directors of that Institution have been induced, or forced so to do. And no reason existed, why a resumption should not have taken place in June 1838, which was not equally cogent in Lower Canada, when all the Banks did resume, though legally authorized to continue the suspension,—and to which resumption the Commercial Bank had agreed to become a party, provided the Bank of Upper Canada led the way, or “shewed the example.”

A resumption having, however, been procrastinated in Upper Canada until a renewal of the political troubles last fall, more powerful reasons arose than any hitherto adduced, in favour of a continued suspension. But these are now happily removed; and unless a War should actually take place between Great Britain and the United States, no valid argument can be urged against a general resumption in both Provinces on the first of June next.

But that resumption should be simultaneous and general, and cannot be evaded by the Banks of Upper Canada, without inflicting a very serious injury upon the trade of Lower Canada.

The heavy balances due to the Bank of Upper Canada by its London and New-York Agents, as lately exhibited by the return made to the Legislature, when compared to the liability of the Bank, incontestably prove that it can resume, without cramping the trade,