

time past it had virtually ceased discounting, the fact being that its large note issue represented not discounts to the public but the purchase of Government exchange. At this time it was granting less than half the accommodation to the public that it did at the beginning of the crisis, whereas the Commercial Bank had considerably increased its discounts.

The committee in its report simply echoed the arguments of the Bank of Upper Canada and presented a Bill to authorize suspension for another year, but requiring the banks to keep on hand the means of resumption when the proper time arrived, which was simply building the Bill on the condition of the Bank of Upper Canada as it then stood. In one clause a recommendation of the Commercial and Gore Banks had been introduced, to the effect that the banks should make a periodical exchange of their notes, and that balances should be settled by exchange on London. This clause, however, the Upper Canada people managed to eliminate from the Bill before it became law.

One reason for the opposition of the Upper Canada Bank to resumption is brought out in the evidence of the president and cashier, when taken in connection with the complaints of the other banks. The Bank of Upper Canada holding, as far as Canada was concerned, a virtual monopoly of the exchange on London, purchased by the issue of its own notes, sought to force the other banks to purchase that exchange at a high premium. But if it were to redeem its notes in specie the other banks could obtain the exchange by collecting and presenting its notes. In this connection the attempt of the Commercial Bank to have balances settled by exchange on London is interesting. As already stated, the Bank of Upper Canada had curtailed its discounts and employed its notes in purchasing Government exchange while the Commercial Bank had employed its capital almost entirely in discounts to the public. There being much the same amount of the notes of each bank in circulation more Upper Canada notes were certain to fall into the hands of the Commercial Bank in the repayment of loans, than Commercial Bank notes into the hands of its rival, hence the balances at settlements would usually be against the Upper Canada Bank, and by requiring that balances should be met by exchange on London, the Commercial Bank would be obtaining an opening