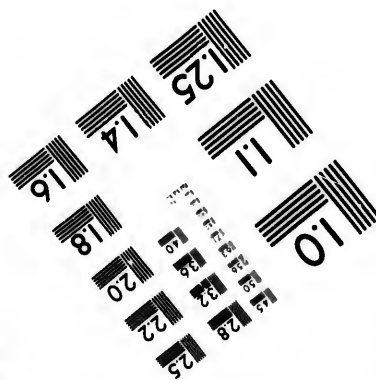
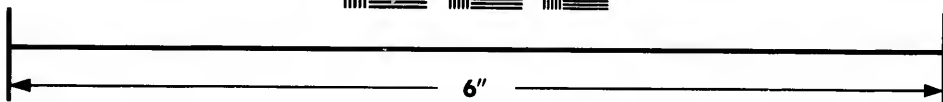
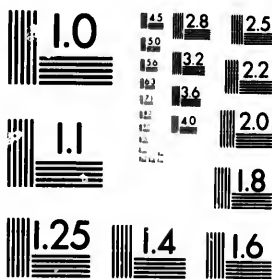


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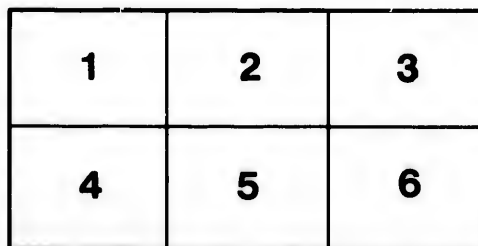
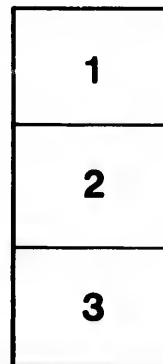
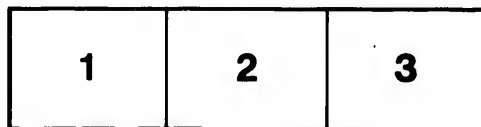
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A LETTER

TO THE

HONORABLE JOHN ROSE,

MINISTER OF FINANCE, CANADA,

&c. &c. &c.

On the subject of Banking and Currency,

FROM

THE HON. D. L. MACPHERSON,

SENATOR OF THE DOMINION OF CANADA, FROM ONTARIO.

TORONTO:

E. T. BROMFIELD & CO.

1869.

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THE UNIVERSITY OF CHICAGO

HONORABLE JOHN ROSE

MEMORIAL ADDRESS

DELIVERED AT THE ANNUAL MEETING OF THE UNIVERSITY OF CHICAGO

BY THE REV. DR. J. H. HARRISON

CHICAGO: THE UNIVERSITY OF CHICAGO PRESS, 1901

PRINTED

BY THE UNIVERSITY OF CHICAGO PRESS

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TO THE HONORABLE JOHN ROSE,

MINISTER OF FINANCE, &c.

TORONTO, 6th July, 1869.

SIR,—I take leave to address you upon the subject of the Banking and Currency Resolutions submitted by you to Parliament last session. I plead as my excuse the great public importance of the subjects, and my belief that they require much discussion to be well and thoroughly understood.

I adopt this mode of presenting my views to yourself, and through you to the country, as being the only one open to me; for, as the Resolutions were withdrawn in the House of Commons, I had not the opportunity of speaking upon them from my place in the Senate.

I am also influenced by the further consideration, that up to this moment your own speech, when introducing the Resolutions, is all that has gone to the country from Parliament, on the subject, with the exception of telegraphic summaries of the able speeches of Messrs. Cartwright, Hillyard Cameron, Galt, Morris, and Gibbs, against the measure. Their speeches have not appeared in full, although it was understood verbatim reports were taken. It is to be hoped these will yet be given to the public. However, I do not consider that any apology is due for addressing you on so paramount a question as the currency, which affects the affairs and condition of every individual in the State. No one is rich enough or poor enough to be beyond its influence. The universality of its interworking is eloquently described in the following words of one who for years was admittedly the first statesman of England:

“It enters into every transaction of which money forms a part.
“There is no contract, public or private—no engagement, national or individual, which is unaffected by it. The enterprizes of commerce, the profits of trade, the arrangements made in all domestic relations of society, the wages of labor, pecuniary transactions of the highest amount and of the lowest, the payment of the national debt, the provision for the national expenditure, the command which the coin of the smallest denomination has over the necessaries of life, are all affected.”

Before discussing the scheme proposed by the Government, I will consider briefly the working of the existing banking system. Modelled after the Scotch system, it has existed very much as it now is since Banks were first established in the country. It is universally admitted to have been, on the whole, eminently successful. It has supplied the country with a currency, redeemable in gold on demand, safe beyond that of any other country during the same period. It has contributed largely to the development of the resources of the country. Its elasticity permitted it to expand and contract, according as the trade of the country required. Its peculiar adaptability to the wants of the country was universally recognized by the people, and it had come to be regarded by them with pride and as really national.

Until the failure of the Bank of Upper Canada in 1866, no institution ranking as a Canadian bank had become insolvent;* and it is the only instance—if it be one—in which note-holders need be losers, and that only to a very small amount. The causes of its failure are too well known to require me to dilate upon them.

I must, however, in justice to that bank say that the losses by its failure are insignificant when considered against the benefits it conferred upon the country. Many wealthy families in Ontario owe their prosperity to assistance rendered them in former years by the Bank of Upper Canada. Much of the business done then would not be considered strict banking now. But the circumstances of the country were entirely different, and it was not loans such as I refer to that brought ruin upon the Bank of Upper Canada.

The Commercial Bank of Canada suspended in 1867, but it was not insolvent; it was amalgamated with another bank; and no loss was incurred by any of its creditors.

The Royal Canadian Bank was also under the necessity of suspending recently, and although it never occupied the high position in the public estimation that the Bank of Upper Canada and the Commercial Bank did, its notes have been in demand at from 2 to 4 per cent. below par. These facts prove that, in the past, the circulation has been well secured.

Notwithstanding that our system has worked so safely and satisfactorily for about half a century I do not say that it is perfect, but I do

* The "International," the "Colonial," and one or two other similar concerns not deserving the name of banks, attempted to get a footing in the country but failed.

say, that, with a few amendments suggested by experience, the noteholders would, under it, be more secure than under any other system yet suggested : while no other yet propounded possesses the quality of elasticity which is so important, I may say, indispensable, in this Dominion, especially in the great agricultural Province of Ontario.

It is noteworthy that no Solvent Bank suspended in Canada until after the "Provincial Note Act," commonly known as the "Legal Tender Act," found a place in the Statute Book. Many are of opinion, and I confess I share in that opinion, that but for that Act no solvent Bank would have suspended to this day ; and that the Bank of Upper Canada would have been the solitary instance of failure.

Considering the true merits of our system, exemplified in the country's great prosperity and progress, to which our Banking system has been the hand-maiden, I think you might well have withheld the adverse criticisms in which you indulged in regard to it ; and refrained from suggesting that frauds might be committed under it, which never had been committed, or attempted, and which could very easily be rendered impossible. It was no light matter for one in your high position, to utter words calculated to shake the confidence of the people in the currency of the country ; and in my opinion, it would have been wiser, and more for the interests of the public, to have amended and improved what was known to possess so much that was sound and suitable to the country, instead of proposing its overthrow.

All will admit that it is the duty of Parliament to determine the conditions under which the currency of the country shall be issued, circulated and redeemed, and to make those conditions such as will insure its ultimate safety, and (as I think) its instant convertibility into gold. Banks being, so to speak, the centre of the commercial system, have long been recognized in civilized countries as the safest and most convenient managers of the currency. Parliament, on the other hand, has nothing to do with regulating the business of Banking, so far as dealing in money is concerned. That, like every other business, must depend for success upon the ability and skill with which it is conducted. If Banks lend money to parties who cannot repay the loans, they must lose, just as merchants do who sell goods to those who cannot pay for them. While thus Parliament cannot and should not try to render banking, as a business, safe and profitable, yet it can very easily render the currency circulated by the banks perfectly secure.

I come now to the Resolutions embodying the new scheme of the Government. I gather from your speech that the chief advantages you claim for it would be a uniform currency throughout the Dominion, and increased security to the noteholder. To accomplish these two objects, the first of which I hold to be impossible, and the other easily attainable without overturning the existing system, you proposed that all the Banks in the Dominion should pay into the public exchequer, in the form of Government securities or cash, a sum equal to their circulation, amounting in the aggregate for Ontario and Quebec, in October last, to nearly \$12,000,000, excluding Dominion notes, for which Government would in return give to the banks notes countersigned by the Government to an equivalent amount; these notes to be legal tenders, redeemable by the banks issuing or circulating them, notwithstanding that they had already paid the Government for them; and on the failure of any bank to redeem these notes, the Government to interpose, sell the securities belonging to the suspended bank deposited with the Receiver General, administer to the estate, first paying the notes in circulation, then the deposits on call, and then all other creditors. These, as I understand, are the general principles of the measure, and to these I will first address myself.

With respect to absolute uniformity in the value of a redeemable paper currency I must maintain that this is impossible in a country of the extent of this Dominion. The notes, although made a legal tender, would only be worth par at or near the places where they are exchangeable into gold. You proposed that they should be redeemable in the capital of the Province in which the Bank issuing them is situated. Thus, notes issued in Nova Scotia would be redeemable in Halifax, and notes issued in Ontario would be redeemable in Toronto; therefore the notes of Nova Scotia Banks circulating in Ontario would necessarily have to be sent to Halifax for redemption. Surely it must be manifest that it is beyond the power of Parliament to relieve the holder of Nova Scotia Bank notes in Ontario from the expense and risk and loss of time inseparable from sending the notes to Halifax and bringing the gold back; and to the extent of the loss thus incurred, depreciation would be inevitable, and it would increase according to the distance and risk of transmission, and be very much greater between Red River and Newfoundland, than between Toronto and Halifax. Making the notes a legal tender would make them valid at par in the payment of debts, but in the payment of debts only. In all the other transac-

tions of business, the sellers of commodities would continue to enjoy the privilege of fixing the price of their commodities, whether Bills of Exchange, wheat or merchandise, according to the value of the currency in which they were to be paid for the same: and they would take care to increase their price not less than enough to cover the depreciation of the currency, whether legal tender or not; and to compel parties to accept a depreciated currency, in payment of debts, would be so unjust that I will not believe Parliament will enact a measure to enforce it.

With respect to securing the note-holder, of course it should be done absolutely, but I fail to discover anything in the past experience of the country to call for the extraordinary provisions apparently intended to secure this end, set forth with remarkable prominence in the Government Resolutions.

It is undeniable that under our existing system there has been less loss to the note-holder than under any in Europe or America. If it be deemed advisable to increase the security of the note-holder, and I think it should be done, so as to render the currency safe and immediately redeemable beyond peradventure, it can be effected by simply declaring the notes a first charge on the assets of the Bank, including the double liability, and by providing an efficient Government inspection. If the same rule would apply in this as in the ordinary affairs of life—and I know of nothing to withdraw it from the influence of that rule—I submit that the most effectual way of securing the currency would be by strengthening the institutions through which it is put in circulation, and which are responsible for its redemption, viz:—the Banks. Instead of doing this, or at least leaving their strength unimpaired, you proposed to weaken them most seriously by withdrawing from them their capital to an amount equal to their circulation, the result of which would certainly be to increase the risk of their suspension or failure without increasing in the least the ultimate security of the Bank notes. The reasons are very obvious. The banks, instead of having their capital in hand as they have now, would have a large portion of it locked up in Government securities, inconvertible, so long as they were able to keep their doors open—and they would thus be reduced to carrying on their business mainly upon their deposits, that is upon their liabilities, payable on call or very short notice. Could anything be more unsound or perilous? We know, how in the cases of the Commercial and Royal Canadian Banks, the suspicion or knowledge that a portion of the capital was lost or locked up, excited alarm and produced a run upon them by both noteholders and depositors.

How much sooner would this be the case under a system that *required* the locking up of a large portion of the capital in an inconvertible shape. Banks having control and possession of their capital, can readily in times of financial stringency strengthen themselves by diminishing temporarily their discounts or loans. Their current loans and Bills Receivable mature from day to day, their assets flow in to their relief, and their position at once becomes safe and easy. But under the system proposed by the Government the sound and proper relation between maturing assets and maturing liabilities which exists in all well managed concerns, whether banking or other, would be destroyed; the loans, being made, not out of share capital, but out of deposits, that is, debts due by the Banks, might not mature fast enough to meet the demands of depositors and noteholders; demands stimulated perhaps by some unlooked for cause or rumor, and, if not instantly met, insolvency or at least suspension would be inevitable. Depositors would take the alarm much earlier, knowing that the capital was locked up, and that if liquidation ensued, noteholders would be preferred to depositors, and deposits payable without notice preferred to those requiring notice before withdrawal. This last feature I will remark upon further on. What would be thought of the Directors of a new Bank, who, before commencing business and issuing notes, invested an amount of its capital equal to its intended circulation in unquestionable mortgages, and placed those mortgages in the hands of an Official Assignee with instructions to realize them for the benefit of the noteholders, depositors, and general creditors respectively, provided the Bank failed to do so; reserving in their own hands only 20 per cent of their capital in gold, and a further moderate percentage for general business? Would they command credit from the public? Would they deserve it? And yet, if you will read "Government debentures" for "mortgages" and the "Receiver General" for the "Official Assignee" you cannot fail to recognize the chief features of the Government measure. You may, perhaps, say that mortgages are not Government securities, nor equal to them, but I maintain that first-class mortgages are second to no other security; and if it became necessary to convert them in times of panic, and it is in times of panic they would most likely have to be converted—I am inclined to think the Official Assignee would find them quite as easy of realization as the Receiver General would the Government securities. The Assignee would sell without hesitation; the Receiver General might, from consideration for the public interest, be unwilling to have sales, made

under authority of the Government, quoted at reduced prices; and yet in times of financial pressure they could only be sold at reduced prices. In this, I think, is disclosed the germ of a most objectionable centralization.

To many persons a currency issued on credit of Government securities seems plausible. At one time I myself looked upon it with some favor, but investigation and study have satisfied me, as I am sure they will all who devote their minds without prejudice to the subject, that that principle is entirely delusive and pernicious. In England, where it has been partially in operation since 1844, the system brought the Bank of England, the most powerful monied institution in the world, to the very verge of suspension upon three different occasions; catastrophes only averted by the Government authorizing the Bank to increase its issues in violation of the provisions of its charter. Had the portion of the capital of the Bank of England which is loaned to the British Government, (upwards of £11,000,000 sterling,) been employed in legitimate Banking Loans, maturing from day to day to meet liabilities, who can doubt that the Bank and the country would have been spared the danger and much of the loss that resulted from the crises of 1847, 1857, and 1866?

The fundamental feature of your project is analagous to the English system in so far as that is worked through the Bank of England, namely, resting the circulation upon Government indebtedness, and, after the Government appropriating an amount of the banking capital equal to the circulation, calling the circulation by the pretentious title of "Government-Secured Currency." If the powerful Bank of England would have had to succumb under the system, but for the intervention of the Government, what prospect would there be for our Banks under it? The British Government might come to the relief of *One* wealthy Institution, with a rich and influential proprietary like the Bank of England, but would it be possible in this country for our Government to do so with many Banks concerned? And would it be desirable or judicious to inflict upon this country, with its limited accumulation of capital, and dependence upon credit, a system that, in the opinion of many of the best informed upon the subject in the mother country, has brought heavy disasters even upon England, with all her wealth? Why should we be asked to substitute for our own, that has worked so well and beneficially, a system that is widely condemned, and that is not likely to remain long unchanged?

It is well known that Government securities constitute the basis of the bank note circulation of the United States, but it is equally well known that in that country the bank note circulation is redeemable, not in gold but in Government notes, commonly known as 'greenbacks.' The 'greenbacks' and bank notes are alike depreciable, fluctuating constantly in nominal value, causing the value of all property in the country, moveable and immoveable, to be unstable and precarious.

The financiers of highest repute among our neighbors are agreed in opinion that the only remedy for the deplorable depreciation of their currency is to be found in a return to specie payments.

Until they accomplish this, and demonstrate that their present system can be worked successfully and advantageously for the country on a gold basis, it would be better not to be tempted to imitate it in part, lest we should be drawn on, and finally—unable to retrace our steps—be compelled to adopt it altogether, and discover when too late that we had exchanged our own excellent system of currency for an irredeemable and depreciated one, under which our bank notes would be convertible, not into gold, but into Dominion 'greenbacks,' also inconvertible and of course depreciated.

Instead of attempting to describe the evils of an irredeemable paper currency, in words of my own, I shall quote those of a gentleman, lately occupying the highest official position in the Finance Department of the United States—the late Secretary of the Treasury, in his report to Congress in December last. This was his opinion after he had had for years the best opportunities of observing the effects of this system :

"The financial difficulties under which the country (United States) is labouring may be traced directly to the issue, and continuance in circulation, of irredeemable promises as lawful money. The country will not be really and reliably prosperous until there is a return to specie payments. The question of a solvent convertible currency, underlies all other financial and economical questions. It is in fact a fundamental question, and until it is settled, and settled in accordance with the teachings of experience, all attempts at other financial and economical reforms will either fail absolutely or be but partially successful. A sound currency is the life blood of a commercial nation. If this is debased, the whole current of its commercial life must be disordered and irregular. Our debased currency must be retired or raised to the par of specie, or cease to be lawful money, before substantial progress can be made.

The provision in your Resolutions to secure Deposits on call over those requiring notice before being withdrawn, is to me as unaccountable as it seems objectionable. Why prefer Depositors who can remove

their money without a moment's notice, to those who must give 10, 20 or 30 days' notice before removing it, no matter how grave and well-founded their apprehensions may be respecting the stability of the Institution in which their money is deposited? It is well known that the Deposits of the former class consist mainly of merchants' balances, varying from day to day, while the others consist largely of the savings or the industrious and frugal. If either class should be preferred, surely it should be the latter, but in my opinion neither should. It would be unsound and unjustifiable; an improper interference with the business of Banking, and a meddling with individual affairs that should be eschewed by Government and Parliament. If enacted into Law, I fear this objectionable provision would tend to divert deposits from the Banks, and, to whatever extent it might do so, from the pursuits of Commerce and enterprise, where money is so much needed.

Another very great objection to the Government scheme, and one that certainly would not only deter many from becoming shareholders in banks, but cause many to transfer the capital they now hold in that form to investments less promotive of the common weal, is that, with a large portion of their capital locked up beyond recall, in Government securities, they would be exposed not only to the hazards and vicissitudes that attend the business of banking, but also to those to which the public finances are always liable. The value of Government securities would necessarily be an element for consideration in determining the value of bank stock.

I have now placed before you my reasons for believing that the objects the Government profess to have in view would not be attained by the means proposed for their accomplishment. That first, the establishment of a currency, uniform in value from British Columbia to Newfoundland, redeemable only at certain points far distant from each other, would be an impossibility, and that to make this currency a legal tender, would be unjust: and secondly, that the main feature of your plan does not really add anything to the security of the note-holder, but on the other hand detracts from it; that, in short, a bank note circulation can be rendered perfectly secure by means much more simple and much less prejudicial to the public interests than those you propose.

Under what may be called the Canadian system, amended as suggested, the notes of our Banks would continue in favor as heretofore, circulating freely, and be as much of the legal tender, practically, as any bank note can justly be made.

I will now proceed to set before you what, should your scheme receive the assent of Parliament, I believe would be the consequences to the public; the effect upon the volume of capital available for the purposes of trade; and also upon its price, for I think we may fairly assume that, under any system, the banks will manage to obtain from the public—from borrowers—rates of interest sufficient to remunerate them.

The question is one, therefore, that affects the people much more than it does the banks. Whatever renders money scarce, must render it dear. The price of money, like that of other things, is regulated by the law of supply and demand.

The circulation of Ontario and Quebec together, including Dominion notes, in October 1868, was in round figures \$16,000,000, which would be the sum to be transferred to the public chest for investment in notes countersigned by Government (less \$4,000,000 already paid for the Dominion notes now in circulation). The banks issuing the notes would be bound, however, to redeem them on demand, out of what might remain of their capital. To meet all demands beyond what would be sufficient to satisfy this requirement they would be dependent upon their deposits, which are in fact demand liabilities, and so liable to be withdrawn at any moment.

Your scheme contemplates that the absorption of this amount of \$12,000,000 would be gradual, extending over five years, from 1872—but I fear that it would be much more rapid in its operation. As soon as two kinds of currency began to circulate, one represented as secured, the other as not secured, the secured would be stipulated for, and banks would be forced to provide themselves with the secured currency more rapidly than the law required; and it may be doubted if this process would be objected to by the Government of the day.

Owing to the fact that Ontario requires a much larger proportion than Quebec of the aggregate circulation of both Provinces, it becomes necessary to consider what the effect of the proposed scheme would be upon her interests. It is impossible to arrive at the precise circulation of each Province; but that of Ontario is little—if any—under four-fifths of the whole, so that her contribution to what, disguise it as you may, would be neither more nor less than a compulsory loan, would be about nine and a-half millions of dollars.

All the means now in the hands of the banks—capital, deposits and circulation—are employed in the business of the country, less the need-

ful reserve, and the amount required to put in operation the scheme of the Government could only be obtained by contracting the loans now out, in discounts or otherwise, to the merchants and manufacturers of the country—by, in short, withdrawing these nine and a-half millions of dollars from where they are now employed in the industrial pursuits of Ontario, to invest them in Government securities, there to remain, at interest it is true, but inconvertible to the amount of the circulation.

You assume in your speech that a smaller amount of specie reserves would suffice under the proposed system than under the existing one, and that this would mitigate the effect of the withdrawal of capital—but the evidence of almost all the practical bankers given in answer to the queries of the Banking Committee of the House of Commons, of which you were Chairman, is opposed to your view on this point.

I cannot see why smaller reserves should suffice than at present, for all familiar with the business of the country are well aware that heretofore Bank Notes were not returned for redemption from any lack of confidence in them, but simply in the ordinary transactions of business, the payment of debts, and the investment of accumulations. Under the proposed system, gold will continue to be the standard, and notes would be exchanged by the Banks daily as at present. It therefore could make no difference in the amount of the reserves, and we may safely assume the Banks did not hold more in that unprofitable form in the past than experience taught them was essential to safety.

In order to show, again, how unequally and oppressively the proposed measure would bear upon Ontario, as compared with Quebec, I would point to the fact that the circulation of the five Banks which may be said to confine their business to Ontario, viz., Bank of Toronto, Ontario Bank, Canadian Bank of Commerce, Royal Canadian Bank, and Niagara District Bank, averaged in October last upwards of 110 per cent. of their capital, while the circulation of the five Banks,—Banque du Peuple, Molson's Bank, Banque Nationale, Barque Jacques Cartier and The Union Bank of Lower Canada,—which confine their business to the Province of Quebec, averaged at the same period less than 10 per cent. of their capital. Is it necessary to say more to prove that a change, which might be introduced into the one province without inconvenience, would be disastrous if forced upon the other?

In the Province of Quebec, the Banks doing business exclusively

therein would only have to exchange the Government Debentures, which they hold under their present charters for an equal amount in the proposed Bank notes. But consider how different it would be in Ontario! The reason Ontario requires so much more circulation than Quebec is easily found. It is because the one is chiefly agricultural, and the other chiefly commercial. A town in Ontario, the centre of a good wheat growing district, may require a larger amount in bank notes, in its daily business, at certain seasons, than the city of Montreal.

The aggregate of the transactions of the former would be very small compared with those of the latter, but in the one case all would be carried on with bank notes, and in the other almost entirely with merchants' cheques:

I would not have you imagine that I am opposed to the investment of a portion of our wealth as it accumulates in Dominion Securities. On the contrary, I would like to see the people interested in them.

The price which they now command proves that they are in favor, and, if they were offered conveniently, I have little doubt they would voluntarily be subscribed for in considerable amounts. What I do object to is the proposed enforced loan to the Government through the Banks; in fact, changing the Banks from institutions intended to lend money to the commercial and industrial classes of the community into mere Incorporated Associations of public creditors. I do trust, for the sake of the country, that this never may be accomplished.

The only other feature in your proposed scheme, which I shall notice in this letter, is that which I consider its greatest defect, the entire absence of elasticity. All who are familiar with the trade of Ontario know that the circulation expands and contracts during certain months of the year, with as much regularity as the tides ebb and flow; expanding after harvest, for purchasing the products of the soil and moving them to market; contracting after that has been accomplished; expanding again in spring under the accumulation of agricultural products and timber purchased and manufactured during the winter, and again contracting at midsummer. The amount of expansion is variable, ranging from three millions to over six millions, and is governed by the harvests and prices. When high prices range concurrently with a bountiful harvest, as in 1865, the expansion is very great. In that year, within a period of three months, between July and October, the circulation almost doubled, rising from a little over eight millions in July, to upwards of fourteen and a quarter

millions in October. Who can estimate what would have been the consequences to Ontario, if we then had had a "cast-iron" system such as is proposed, instead of one that allowed an expansion of upwards of \$6,000,000 to meet the requirements of the country? What would have been the effect upon the value of her products that year? What difference would it have made in the price of every bushel of wheat to our farmers? How many of them would not have had mortgages upon their farms now, which were then paid off? Who can tell the difference it would have made to the manufacturers of the Province: and in short, to the great producing interests of the country, and to the multifarious industries, commercial, manufacturing and mechanical, dependent upon them?

And what took place in 1865 is only an example of what takes place every year, differing only in degree.

The only remedy you suggested for the inexpansiveness of the Government measure, was that the banks might reserve in their vaults the means to supply the increased wants of the country in moving the crops to market.

But is it reasonable to expect banks, any more than individuals, to keep funds idle during nine months of the year, just to oblige their friends for the other three months, when they could readily employ them profitably for the whole year?

I have endeavoured to point out to you the unsuitableness of the Government measure to the requirements of Ontario. Her opposition, it is understood, caused the measure to be withdrawn. Had it been dropped altogether instead of postponed, I should not have troubled you with this letter. I hope the Administration will be persuaded that the longer it is considered, the more fully it is discussed, and the better it is understood, the less likely is Ontario to become reconciled to it. I therefore entreat the Government to abandon all intention of re-introducing it next session, and to amend judiciously the charters of the banks, and extend them for a number of years, so that the public mind may be set at rest upon the question, leaving men free to prosecute enterprises, which, in an unsettled condition of the currency, they would shrink from entering upon. The Dominion Note Act should, of course, be repealed. There never was a time when the interests of the country required a firmer confidence in the future of our finances and credit. New and important enterprises are being projected, not confined to Ontario, but extending even to our newly acquired North-

West Territory. And in Ontario, enterprises involving large amounts of capital are not only projected, but actually in progress. I may mention the two railways, penetrating from this City to the North-East and North-West, the latter opening up the great productive peninsula of this province, the granary of Ontario, as Ontario is the granary of the Dominion. These organizations have been completed, and capital subscribed in the form of bonuses and share Capital to the amount of \$2,000,000, of which \$900,000 have been subscribed by this City, in her corporate capacity, and by her citizens. The roads are to be constructed entirely with municipal and private capital, without Government aid of any kind, all bearing striking and gratifying testimony to the enterprise and liberality of the people, and constituting additional reasons why their means should not be curtailed nor their energies paralysed by a currency scheme unsuited to their wants.

I have said nothing about the Maritime Provinces, but, as they came under the proposed system, they also would necessarily have to pay the amount of their circulation into the Treasury of the Dominion in gold.

I have the honor to be, Sir,

Your very obedient Servant

D. L. MACPHERSON.

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