

settlements of Upper Canada, the Spanish and American dollar, assisted by a miscellaneous fringe of gold coins, furnished the chief metallic currency and standard of value.

In 1816, however, Britain, chiefly with a view to preventing her silver currency from going abroad, definitely adopted a gold standard. Silver was made a token money by raising its face value above its bullion value and limiting its legal tender to forty shillings. Under improved conditions of British trade the foreign exchanges became more favourable. No premium on bullion for export threatened to exceed the seigniorage on British silver coins; consequently they remained as a permanent medium of exchange, and lent colour to the theory that not trade but legislation had relieved the country from its currency famine.

The coinage of the new silver currency being profitable for the Government, it was a matter of some interest to extend its circulation.

In 1821 the Bank of England resumed specie payment, and was followed by the other banks having paper issues. At this period, too, the Spanish American colonies were achieving their independence. Spain losing control of the silver mines, the supply of the Spanish dollar was checked. Further, the period from 1820 to 1824 was one of commercial distress in several of the colonies, particularly the West Indies and Canada, which had suffered in common with the United States.

In the face of this combination of circumstances, the success which had attended the readjustment of the British currency at home naturally suggested an extension of the system to the colonies, especially as it promised to facilitate the constant payments which the Home Government had to make in most of them. It was resolved to make the attempt, and to introduce and promote the change by means of the payments to the troops and the purchase of military supplies in the various colonies.

The Lords of the Treasury, in a Treasury Minute dated 11th February, 1825, set forth the conclusions at which they had arrived, and the grounds on which they were based. They have had under their consideration the state of the currencies in the several British colonies and possessions abroad, as they