

correspondents, and partly by direct messenger from the Commissariat. A considerable portion of the exchange was disposed of for specie which was transferred to Canada, whence it oozed back to the United States through a thousand pores of trade, requiring a transfer in mass once more. It was this irregular withdrawal of specie in large quantities to Canada which disturbed the New York money market.

It occurred to Mr. Biddle that the methods then in operation were both clumsy and wasteful, as well as liable to produce financial tension. He therefore approached the British Government in July, 1827, through his London correspondents the Baring Brothers, urging the mutual advantages to the Government and the bank of dispensing with all intermediate agencies and commissions. His proposal was that the agents of the British Treasury in Canada should dispose of their exchanges directly to the Bank of the United States in New York, the bank undertaking to supply the Government with specie as it might need it. This would insure the Government a better price for its bills and enable the bank to supply its needs without any shock to the money market.

Such an arrangement would no doubt have resulted in considerable economy to the British Government. But the mere proposal to adopt it would have caused a storm of protest in Canada. It was a strong popular belief, and a standing grievance against the banks, that the scarcity of money and the high price of exchanges were due to the unpatriotic custom of selling Canadian bills on Britain to the Americans. However, the currency plans of the Government prevented this project also from receiving serious consideration.

The following year another scheme, having as its central feature the management of the exchanges, was presented by Mr. John Galt, the well-known author and the first manager of the Canada Company.

Writing to Mr. Huskisson, in February, 1828, he laid before him his plan for assimilating the colonial currency to that of Britain, and requested that in case it were adopted he should be appointed superintendent for Canada.

He refers to the deplorable condition of uncertainty and fluctuation in the colonial exchanges with the mother country.