

The single resource of which the Crown could avail itself to avert the apprehended danger was to be found in the power of disallowing any Legislative Acts which might be unadvisedly passed for purposes of this nature. But the objections to resorting to this resource were of the most weighty character, the prerogative in question is, for obvious reasons, always most reluctantly employed and independently of the dissatisfaction which the frequent use of it must occasion, it would, in the cases to which my instructions referred, have been productive of very serious embarrassments.

The disallowance of Acts on the credit of which large Capitals had already been embarked, and many commercial transactions undertaken, would have been a measure of the most extreme difficulty. The Reservation of these Laws for the sanction of the Crown before they actually came into operation, appeared, therefore, to be the only practicable resource.

The occurrences of the Spring and Summer of the present year, sufficiently shew that there were not wanting the most powerful motives for this precautionary regulation. It prevented the establishments of Banks with nominal Capitals of more than four millions Sterling, on the eve of the most remarkable Commercial crisis which has ever occurred on the North American Continent. Thus if it could not avert, it has at least mitigated to a very great extent, the calamities with which the Province was visited in consequence of the suspension of cash payments in the United States of America.

It was not however in reference to occasional motives only, or to a policy merely temporary, that the Instructions in question were written. Reasons too obvious and familiar to demand particular explanation, require that the monetary system of every country should be regulated by fixed and uniform principles, and the Royal prerogative of determining the standard of the current coin, would be practically taken away, or rendered useless to the great ends for which it is invested in the Sovereign, if Legislative Acts passed in the different Provinces should confide to various corporate Bodies the power of creating a paper currency without all the necessary limitations upon its extent, and legal character.

Powerful as these motives seemed to His late Majesty, and great as is the weight which the Queen still attaches to them, Her Majesty commands me to acknowledge that it would not be without extreme reluctance that she would persevere in maintaining the Instructions in question, in opposition to the concurrent opinion, and earnest, though most respectful advice, of the two Houses of the local Legislature. Receiving with the utmost deference their judgment on all questions of which the interest is chiefly, though not exclusively, local, the Queen gives the most conclusive proof of Her reliance on the wisdom of the Upper Canadian Legislature, by commanding you to apprise them that if on more mature consideration, and advertent to the commercial events of the present year, they should still retain the opinions which they have already expressed. Her Majesty is content that the Instructions of the 31st of August 1836, should be withdrawn. In that case, however, it appears to the Queen indispensable, that the local Legislature should adopt for their own guidance some general principles which would pervade all Legislation on subjects of this nature. I enclose for your and their information a series of rules, drawn up by the Lords of the Committee of Privy Council for Trade, for the guidance of Her Majesty's Government, as to the terms on which they ought to insist in all Charters for the Incorporation of Banking Companies, and those Rules Her Majesty commands me to recommend to the serious attention of the local Legislature, as prescribing various principles on this subject, which are recommended by great experience, and much careful reflection.

Such is the answer which it is Her Majesty's pleasure to return to the Joint Address of the Council and Assembly, an answer which I trust will be received by them as a proof of the earnest desire by which Her Majesty is animated to act in accordance with them for the promotion of the welfare of that important portion of the British Empire, to the advancement of the interests of which the labours of the Legislative Council and Assembly are more immediately directed.

I have, &c.

(Signed.)

GLENELG.

Major-General
SIR GEORGE ARTHUR,
&c. &c. &c.

Extract of a Letter from the Board of Trade to James Stephen, Esq.,

Dated 26th April, 1837.

1st. That the sum to which the personal responsibility of the respective shareholders may be limited, should not be less than twice the amount of the shares held by each.

2nd. That the Bank should be bound to make up and publish, for the information of the proprietors, in some public newspaper circulating in the Colony where the Bank may be established, and in certain cases also in the London Gazette, general half-yearly accounts, shewing the whole of the amount of its debts and assets, at the close of each half year, shewing also the amount of its notes payable on demand, which had been in circulation in each week of such half year, together with the amount of the specie and other assets immediately available in each such week for the discharge of such notes, and that copies of such half yearly accounts should be laid before the Government of the Colony in which such Bank shall be established.

3rd.—That such Banks shall be at all times liable to furnish to the Governor of the Colony on his requisition similar accounts.

4th.—That the funds of the Bank should not be employed in Loans or advances upon Land, or other property not readily convertible into money—nor in the purchase of any such property; but be confined