

authorize the issuing of bills on the credit of this Province." The bill passed the Assembly, but was rejected by the Council. During the following session, in the spring of 1839, another bill "To authorize the issue of bills of credit," was passed by both Houses, but was reserved by Lieutenant-Governor Arthur in accordance with his general instructions from the Home Government.

In the course of the agitation for the issue of a Provincial currency it had been discovered that an Imperial Act of 4th Geo. III, with reference to the American Colonies before the Revolution, still blocked the way of any legal action on the part of the Provincial Legislatures. This act prohibited any paper bills of credit which might be issued in any of His Majesty's colonies or plantations in America, from being made a legal tender.

In February, 1838, when the first bill on the subject was passed by the Assembly of Upper Canada, that House, through its Speaker, Allan McNab, sent a petition to the Queen, stating that this act was greatly to the detriment of the prosperity of the Province and praying that it be repealed, at least as far as it applied to the Province of Upper Canada. The Colonial Secretary acknowledged the receipt of the petition, and promised to return the report of the Lords of the Treasury upon it. In reply it was pointed out to the Assembly that by an act of 12th Geo. III, it was permitted to make Government notes, bills, or debentures receivable for public dues, but not otherwise legal tender.

Knowing that the bill of 1839, authorizing the issue of bills of credit, was likely to be passed, Lieut.-Gov. Arthur had written to the Colonial Secretary, Lord Glenelg, on the 20th of Nov., 1838, asking for special instructions in connection with this matter. In his general instructions, Lieut.-Gov. Head had been required to reserve any bills dealing with currency or banking. His successor, however, wished to know whether he would be allowed to give provisional assent to a bill having for its object an issue by the Receiver General, on the credit of the Province, of bills or notes payable at Toronto twelve months after date, to the extent of £100,000, to be made chargeable on the prospective revenue of the Province. For his own part he thinks the Province may be driven to something of this nature. He cites the Army Bills as a precedent, which of course they were not, since they were direct commands upon British capital and were used