

stood that the Canadian banks would very soon resume specie payments no effort was made to have it disallowed. The Colonial Office thought it necessary, however, to transmit to Sir George Arthur for his guidance the opinion of the Lords of the Treasury on the Act assented to by his predecessor. In their opinion it was quite reasonable to pass the suspension Act of 1837 when the crisis was upon the country, but they saw no occasion for its renewal in 1838 and still less for the removal of the restrictions embodied in the former Act. Moreover it should be a necessary condition of any such Act that the banks should not further weaken themselves by paying dividends during the period of suspension.

In the meantime Sir George Arthur had arrived in Canada, too late, as he says, to prevent this Act from going into operation. The banks in Lower Canada having resumed payments in May, 1838, he sent, on July 7th, a circular to the chartered banks of Upper Canada urging them to resume payments as soon as possible, and pointing out the very favourable conditions for doing so. The Commercial Bank, adroitly shifting the responsibility from its own shoulders, replied that it was quite willing to resume whenever the Bank of Upper Canada should lead the way. The Bank of Upper Canada, with an angry fling at the Commercial Bank for leaving to it the whole burden of justifying suspension, nevertheless set itself to the difficult task. It points out how it came to the rescue of the Government when the rebellion broke out, as already stated. To show that its credit is in no danger, it points out that it has remitted bills to London to the extent of £200,000, and has £60,000 of specie on hand. It has, therefore, £260,000 to meet an outstanding note issue of £154,000. Yet, in the face of this demonstration of strength, it goes on to say that it cannot possibly resume specie payments because to do so would require it to cease all discounting and to call in its outstanding debts as fast as possible, which would inevitably bring ruin upon the country, etc., etc. In fact its zealous solicitude for the exchange needs of the country is quite touching. Moreover, it continues, there is no general wish in the Province to enforce specie payments, for if the banks resumed the country would be drained of its specie by the great numbers who are selling their farms and possessions