

expression in efforts, on the one hand, to establish a Provincial bank, and, on the other, to secure the direct issue of Provincial notes, the idea at present embodied in our Dominion notes. Hitherto these efforts had been without success. However, the financial embarrassment of the country, due to the crisis of 1837-39, revived the project in a very urgent form. The fourth report of the Committee on Finance, which was presented to the Assembly of Upper Canada on February 22nd, 1838, refers to the embarrassed condition of the revenue of the Province, and at the same time the necessity for continuing the public works already undertaken, for re-establishing the circulating medium, and restoring the trade and commerce of the country. To accomplish these very pressing objects, it is recommended that an act should be passed authorizing the Receiver-General to issue small bills, payable on the first of June, 1839, and which would be received on Government account. These would supply the country with a medium of exchange based on the credit of the Province. It is pointed out that they would be at least as valuable as the notes of the Commercial Bank, which has suspended specie payment and yet whose notes are accepted in all business transactions as nearly equal in value to specie. The credit of the Province should be better than that of any bank, especially as its paper would be received in payment of public dues. The Government would have time to effect a loan before the notes were due, and in the meantime the prosperity and progress of the country would be restored. The report was signed by W. H. Merritt, as chairman.

These proposals, with the expectations founded upon them, afford one more striking illustration of how completely at sea even the more intelligent men of the country were on the subject of the functions and limitations of paper money. No real distinction is made between capital and money, or between metallic and paper money. All the evils of the country are attributed to the scarcity of money, and the supply of a paper money with a backing of reliable credit to get it into circulation, is considered to be a thoroughly reasonable and effective means of restoring prosperity. The conception was as happy as that of putting in an extra pump to prevent a well from going dry.

Together with this report Mr. Merritt introduced a bill "To