

cial funds and the agency through which government exchange would be negotiated, and to have its bank notes received and paid out in the collection and disbursement of the provincial revenue. Here, however, we come upon one of those not infrequent instances in which the consolidated unity of the executive government as popularly represented, was found to be sadly wanting. The Hon. J. H. Dunn had succeeded the Hon. John McGill as Receiver-General or Provincial Treasurer, and had entered into arrangements with Forsyth, Richardson & Co., and thus, indirectly, with the Bank of Montreal, to act as his agents in holding his balances, negotiating his bills, making payments in response to his drafts and furnishing what specie or other acceptable media of exchange was necessary to meet his local wants. When necessary, also, these agents would furnish advances in anticipation of provincial revenue. In this connection he accepted and paid out Bank of Montreal notes, in lieu of metallic currency, as more convenient to handle and of unquestionable security.

It appears from Mr. Allan's correspondence with the Lieutenant-Governor that it was understood, among the promoters of the Bank of Upper Canada at least, that, the government itself being the largest shareholder in the bank, the bank would have the privilege of handling the business of the government. However, the Receiver-General, Mr. Dunn, had bluntly informed Mr. Allan and his Board that he did not propose to change his financial agency, unless directed by the Home Government. Should, however, the Bank of Upper Canada, of which he himself was a director, demonstrate its financial soundness, as had the Bank of Montreal, he would not object to receiving their notes for provincial dues, nor would he object to selling to them his bills of exchange at as favourable rates as could be obtained elsewhere. This firm stand by the Provincial Treasurer, the Bank of Upper Canada was unable to alter. There were other departments of the government, however, which handled a good deal of money, and most of these were secured as customers.

Once firmly established, the management of the Bank of Upper Canada strenuously objected to the chartering of any other bank in the province. Their chief argument was based on the danger which the granting of another charter would introduce, of filling the country with local banks in every district, thus introducing the American system of many small banks constantly liable to failure owing to inadequate