

British exchanges. For all purposes of internal trade, the hank notes and the greatly over-rated Spanish pistareens and French coins were still used.

Thus every one of the expedients adopted by the Treasury for insuring the circulation of the British coins in Canada, directly operated to put them out of circulation, for no sooner were they paid out of the Military Chest than they returned to it through the medium of the hanks or the importing merchants.

As the currency chiefly employed to buy up the British silver was the hank notes, the consequence was that the chief result of the new policy was to increase the circulation of bank notes, which were all expressed in dollars.

Though at first the British coins steadily returned to the Commissary General for the purchase of exchanges at the fixed premium of three per cent. yet it was afterwards found to be more economic to export the coin. The British coins leaving the country, the Military Chest itself began to depend on dollars for its supply of specie. The Treasury had, therefore, to meet the new situation, and the result was that by the middle of 1828 the premium on Government bills was reduced from three to one and a half per cent., or £101 10s. were accepted for a bill of £100 on the Treasury, and similarly in the case of the Government contracts. This had the effect of checking the further export of British silver, though it had no influence in keeping it in circulation.

British silver being exclusively associated with the British exchanges, the values of the coins themselves fluctuated with the rates of exchange. Thus the British half crowns, which were legally rated in Upper Canada at 2s. 10½d., and in Lower Canada at 2s. 9d. when exchange was high, passed for 3s., and when it declined for 2s. 11d.

After a few years of unpromising experiences it became apparent to the British Treasury that if any real progress was to be made it must be accomplished by changing the basis of legal tender in Canada, which meant a legislative readjustment of the currency.

It must not be supposed that the ill success of the British authorities in their efforts to introduce the Imperial coins and standard was due to the fact that the Canadians were entirely