

and refused to pay the extra duty. The result was a law suit in which the question was argued with considerable show of reason and not a little subtlety on both sides, but the judges decided in favour of the Treasury.

At first sight it might appear that, in consequence of all the influences brought to bear upon the Canadian currency, the new policy of the British Treasury should have been fairly successful and that a large amount of British silver should have been infused into the circulation, which might in time have led to the adoption of the British standard. Yet such was not at all the result, and for the following reasons:

The specie sent to Canada by the Government was not greater than the requirements of her international exchanges. Indeed, the more the British Government spent in the colony the greater the quantity of goods purchased abroad, and therefore the greater the amount of exchange required to pay for them. Most of those supported by the Imperial payments were not commercial producers, and hence did not furnish additional exports to meet the increased imports. From the very necessities of a poor, though developing country, the imports tended to out-run the exports, including all specie of standard value. Such being the case, the British silver sent to the country always found itself at a premium, and was eagerly bought up by those who had payments to make to the British Treasury, either for duties or in return for bills of exchange.

It had been hoped that, inasmuch as the new silver coinage had, in virtue of its being over-rated, remained steadily in Britain, it would likewise tend to remain in circulation in the colonies. But the inference was not well founded. The new silver coins remained in circulation in Britain because there was no other country which would receive them at their face value. In the colonies, however, these coins found a country which would receive them at their face value, namely, Britain itself. So that, whether in the purchase of exchanges or in actual shipment, they were as good as gold in their command of the British market. Their intrinsic deficiency counted only with reference to the American exchanges, and that was one chief reason why they were confined to the function of procuring