

state of trade and finance at the time of the Rebellion in 1837, notwithstanding the penalties, there was a flood of paper issues by private banks and merchants, largely for sums less than a dollar, and it was found necessary, temporarily, to make these issues legal. Until the Rebellion it was still possible in Upper Canada for private banks to issue notes, and during the period of trade expansion which preceded the general financial collapse in North America in 1837, several ventures with titles sounding like incorporated bodies, but really private firms, came into existence. As a result, Upper Canada also passed legislation making such issues illegal.

During the ten years preceding the union of Lower and Upper Canada in 1841, ambitious schemes of public improvement had been undertaken, there had been much speculation in land, and trading generally exceeded our financial capacity. In the United States the same conditions had brought about most unsound ideas regarding banks. Our people, especially in Upper Canada, were much influenced by these novel views on banking, and about twenty-five bills on the subject of banking and currency were introduced, but, as such measures had then to be referred to the Colonial Office for Royal allowance, none of these schemes came into effect, and, much as we enjoy the benefits of home rule to-day, we have to thank the Colonial Office after this lapse of time for its attitude, although there was much criticism of that department at the moment.

Thus far no joint-stock bank had failed, and, if we except the suspension of specie payments at the moment of the Rebellion in Canada and of the great panic in the same year in New York, the bankers had never failed to pay their notes on demand. The two Governments had not resorted to the issue of paper money, and the main principles of our banking had been step by step established.

The first Governor-General of the new Province was Lord Sydenham, who held the same currency views as Lord Overstone, and it was at this period that the controversies were being carried on which resulted in England in the Bank Act of 1844. Lord Sydenham favoured for