

in touch with Britain and the eastern colonies of Nova Scotia and Massachusetts. The Montreal merchants, being almost entirely from the colony of New York, continued to maintain a close connection and intercourse with that colony by way of the Lake Champlain and Richelieu River route. In accordance with these influences, the standards of exchange introduced into Canada were determined by the colonial affinities of the merchants carrying on the Canadian trade.

On account of the long and intimate connection of the North American colonies with the West Indian trade, the Spanish dollar and its associates of a similar grade had come to be the money standard of the colonies.

It has been the general experience of all new countries with unlimited resources and an eager and enterprising people, but with little capital, that a constant need for the necessaries of life and the means of development has led to a steady export of all that could procure the needed means for expansion. But nothing is easier to send abroad, and at the same time so certain of a ready market, as metallic money. Thus a chronic scarcity of money was the burden of complaint in all the American colonies.

Without understanding the significance of the facts, each colony adopted such measures as suggested themselves for attracting and retaining as much money as possible. The expedient which chiefly appealed to men of common sense but without special knowledge, was naturally that of putting a premium upon the coins most desired. If one colony rated the dollar at 5s. while another rated it at 6s., it appeared as plain as a pike staff to the ordinary colonist, that a majority of the dollars would gravitate to the latter colony. Only a minority, relying on what seemed to the common-sense man over refined and unpractical argument, perversely declared that this plan was quite futile. Plain, unsophisticated argument prevailed, as it usually does in such cases, and the colonies engaged in a lively competition, partly with outsiders, but largely among themselves, for an increased share of the available currency. Before the close of the seventeenth century the "piece of eight," afterwards called the dollar, was variously rated in the American colonies