

In a somewhat grandiloquent speech in support of his resolutions, Dalton gave expression to a growing idea in Canada. Since the undeveloped natural resources of the country, of which men spoke as eloquently and vaguely then as now, constituted the great capital of the people of this country, that capital ought to be employed as the basis of credit. Upon the credit of these undoubted resources, it was believed that paper money might be issued to furnish the means for their development. This day-dream of economic perpetual motion, or automatic prosperity, is one in which many in America have indulged in the past, nor is it to-day altogether without its votaries among those who deal in visions.

Though it was admitted that the local banks were not strong enough to enable the country to thus lift itself by its own boot-tops, yet it was thought that the Bank of England had sufficient strength. This just meant that the new paper capital was to rest, not upon the resources of the country, but upon the capital of the Bank of England.

The officials of the British Treasury were quite sound on the subject of land as a security for bank loans, or the issue of bank notes. In denying to the Canada Company the privilege of paying a portion of its obligations to the Government in Bank of Montreal notes, the Treasury pointed out that if the company had the money on hand it could pay it over directly. If it were with the Bank of Montreal, it could demand its deposits in specie and pay that over. But if, as would appear from its application, the company were seeking assistance from the bank to enable it to make its payments, then it was specially objectionable, because the bank would have to take the company's lands as security. But land is declared to be the worst possible form of security for a bank to hold, inasmuch as it cannot be converted into specie in times of distress, just when a bank should have the most perfect command over its securities.

As the banks continued to prosper and expand during the twenties, they excited a more general public interest. Accusations of favouritism, both well and ill founded, and various real defects in the system, afforded a basis for a rising discontent and a vigorous criticism. In Lower Canada this ultimately found