

The army bills were first issued in Lower Canada in July, 1812. The French-Canadian populace were for a time very suspicious of them, always preferring metallic money, often refusing any other, and when taken the bills were converted into specie as soon as possible. As usual, a good deal of the latter went into their private hoards. Governor Prevost reporting to Bathurst, March 10th, 1814, complains of the difficulties in which he is placed for want of specie: "The paper currency has as yet proved itself an indifferent substitute to bullion, in consequence of the inveterate prejudices against it in the minds of the Canadians, and the frequent attempts made by the enemy to imitate it."

Among the English section of Lower Canada and in the Upper Province the bills circulated very freely.

Inasmuch as the issue of the army bills was followed by a period of increasing prosperity, the people naturally attributed it to the supply of a circulating medium, and were confirmed in their opinion that what the country had been suffering from was simply lack of money. Had the Canadian government issued paper money in a similar manner, there would have been afforded just as great a supply of circulating medium, but not being available for purchase of imports, it must have rapidly depreciated, as neither goods nor specie could be obtained for it. To supply a circulating medium was really the least of the functions of the army bills, and a mere incidental one. They were mainly instruments of an enormous positive increase to the wealth of the country and the possibilities for consumption. Their over-issue was hardly possible.

As a matter of fact, the war proved a veritable godsend to the people of Canada. A few of the militia were killed, and some of those in the track of the invading enemy suffered loss of property, but in most cases this was afterwards more than made good. People generally, however, enjoyed an era of prosperity unknown since the similar conditions of the revolutionary war, and they were now in a better position to appreciate it. French Canadians replenished and added to their hoards, the merchants gathered in their large outstanding debts, and greatly profited by the new trade. The settlers were offered war prices for more provisions than they could furnish. After the first