

With returning prosperity and the undertaking of many new colonial enterprises, both private and public, the profits to be had from the business of colonial banking and exchange began to attract attention, not only in the colonies but in Britain and the United States. This was stimulated by the effort, begun in 1825, to establish a uniform currency throughout the Empire.

Several banking and exchange projects were submitted to the Imperial Government, wherein profit and patriotism were to be combined, and the currency of the North American Colonies brought into harmony with that of the mother country. The central idea of these plans was essentially the same as that which afterwards actuated the founders of the Bank of British North America.

Though nothing came of these projects at the time, yet some of them are interesting as illustrating the ideas of the period with reference to the functions of banks in the colonies, and as exhibiting a vigorous faith in the capacity of systems of exchange to equalize international trade.

The first of these schemes was set forth by a Mr. Forbes in a formal communication to Mr. Wilmot Horton, already mentioned as the Permanent Under Secretary of State for the Colonies. It is dated London, August 24th, 1826.

Mr. Forbes puts himself into harmony with the aspirations of the Imperial Treasury at the time, by enlarging on the political and economic importance of a uniform currency as between Britain and her colonies. Trade follows the currency; a common currency is the strongest link of empire; are the new cries of the imperialist. Nevertheless, Mr. Forbes thinks there are some defects in the plans adopted by the Government. The three per cent. charge for bills of exchange on the Treasury is quite a tax upon commerce. Further, since the normal condition of Canada is one in which the imports considerably exceed the exports, there is certain to be an under supply of the usual Government and commercial bills. This forces Canadian importers to collect and export, regardless of the state of the British market, ordinary products such as grain, lumber, or potash, often to the loss of the merchants and the discouragement of British trade. As the counterpart of this,