

on demand, should issue in addition a considerable quantity of post-notes payable twelve months after date, and with these afford relief to the public. The Farmers' Bank alone adopted the suggestion and issued a quantity of post-notes. The natural result was that the ordinary notes of the bank came back for redemption in much the same proportion as the others were issued, hence instead of affording the bank any practical relief the post-notes were the occasion of compelling it on October 1st to suspend specie payments altogether.

In the meantime the Commercial Bank had again made application to the Governor in Council for permission to suspend specie payments, and on the 11th of September, a public declaration of their resolution and a notice of their suspension were issued by the directors. On the 29th of September, 1837, an Order in Council authorized the bank to continue its business notwithstanding the suspension of cash payments. The bank had not been required to pay out all its specie, for it still had £17,327 on hand when allowed to suspend.

In suspending, however, the Commercial Bank lost the privilege of having its notes accepted in payment of public dues. This was a serious inconvenience so long as the other chartered banks had their notes accepted in Government payments, as it tended to compel merchants to seek accommodation from the Bank of Upper Canada so far at least as paying Government dues was concerned. It also threw into the hands of the Bank of Upper Canada all the Commissariat bills and other bills of exchange which gave a command on specie. This was but one phase of the advantages enjoyed by the Bank of Upper Canada in abandoning much of the ordinary mercantile discounting and expanding into the more profitable business of dealing in specie and exchanges.

As in the case of the Lower Canadian and leading American banks, the Commercial Bank found it necessary to afford accommodation to its customers in specie where they had special need for it, charging of course a special rate for that form of accommodation. In order to replenish its stores of specie it had to pay a considerable premium on specie, or on bills of exchange commanding specie.

The Bank of Upper Canada having a virtual monopoly of the Government exchange, the Commissariat and other depart-