

at the office of the Receiver General whenever they were presented in the form of bills of exchange. A limited issue of four dollar bills payable in cash on demand was likewise authorised but as this would require the retention in the military chest of a sum in hard cash nearly equal to the amount in circulation, no considerable number were put out.*

This act received the assent of the Governor General on the first day of August, after which he quickly prorogued the legislature with a warm acknowledgment of their liberality. Their action in this respect had undoubtedly relieved him of much anxiety, as he was at that moment unable to obtain sufficient money to pay for the subsistence of the troops during the preceding month, yet he still entertained doubts whether "the deep-rooted prejudices of the Canadians against a paper money" based on their unfortunate experience in the last days of French rule, could be overcome. The clergy, however, came to his assistance and readily undertook to promote the circulation of these bills.†

As General Brock was then known to be labouring under great difficulties through want of money to pay his militia and meet other urgent demands, he was informed that a certain proportion of this issue of paper money would be placed at his disposal, although it was clear that it could not be made a legal tender in Upper Canada without the concurrence of the provincial legislature.‡

During the session the military situation in the Montreal district remained substantially unchanged. The Americans were reported to be forming depots of supplies near the frontier and building boats on Lake Champlain, but no considerable body of troops had been assembled. The most circumstantial information as to their preparations was received from Baron de Diemar, formerly an officer in the Loyal American Regiment, who arrived in Montreal from Burlington, Vt., about the middle of July. He reported that he had offered his services to General Brock for the purpose of gaining intelligence, and had set out from Fort Erie on June 26 three days before the declaration of war became known. At Canandaigua he had been arrested on suspicion and had in consequence destroyed a letter of introduction to the commanding officer at Montreal, but was released on declaring himself a Frenchman. After visiting Utica and Ogdensburg, where he noted the number of troops, he went to Albany, and was again arrested. Making his escape by filing the bar from the window of his prison he made his way to Whitehall to Vergennes

*Prevost to Brock, July 28.

†Baynes to Brock, August 1; Prevost to Liverpool, July 30.

‡Commissary General Robinson to Prevost, July 30; Prevost to Brock, July 28; Prevost to Brock, August 12.