

in 1792, to Mr. Isaac Todd, his friend and business correspondent in Montreal, has this to say of the condition of the country at that time:—"To what is to be ascribed the present state of improvement and population of this country? Certainly not to its natural advantages, but to the liberality which Government has shown towards the Loyalists who first settled it; to the money spent by the numerous garrisons and public departments established amongst us; and the demand for our produce which so many unproductive consumers occasion on the spot. As long as the British Government shall think proper to hire people to come over to eat our flour, we shall do very well, and continue to make a figure, but when once we come to export our produce, the disadvantages of our remote inland situation will operate in their full force, and the very large portion of the price of our produce that must be absorbed by the expense of transporting it to a place of exportation, and the enhanced value that the same cause must add to every article of European manufacture, will give an effectual check to the improvement of the country beyond a certain extent."

Even at this time, though not to the same degree as afterwards, there was considerable difficulty felt from the want of a sufficient circulating medium, especially in the settlements to the west of Montreal.

In those days, and for a long time afterwards, the Canadians depended for their news from the outside world mainly upon the newspapers of the United States. They were thus incidentally well supplied with the news of the United States itself. The recently established Bank of the United States and its rapid success, was observed with close attention in that country, and was attracting very material interest in England. It was evidently the success of that institution which suggested to some associated London and Montreal merchants the feasibility of establishing a like institution, though on a private basis, in Canada. The late Mr. Stevenson, in his paper on "The Currency of Canada after the Capitulation," published in the Transactions of the Literary and Historical Society of Quebec, has drawn attention to this movement, and quotes from a notice of it which appeared in the *Quebec Gazette* of