

a class, they were very far from being so self-dependent. Most of them had been settled by the government on an artificial basis. As public aid was gradually withdrawn, and they were left to depend upon their own efforts, they found it difficult to adjust themselves to the new circumstances, especially under the fluctuating condition of values during the few years preceding 1812. The time had arrived, as Cartwright foretold, when, in the export of their produce, the disadvantages of their inland situation were operating in their full force, and much of the return was absorbed in the cost of transportation and exchange. In addition to these ordinary difficulties, there were many changes and uncertainties in the commerce and carrying trade of Canada, owing to the English orders-in-council, the retaliatory decrees of Napoleon, and the non-intercourse Act of the United States. Marine insurance was also very high. To crown all, the seasons in Europe were very irregular, with corresponding uncertainty in the prices of provisions. Owing to their remoteness, the Canadians were prevented, on the one hand, from avoiding a ruinously low market, or on the other, from taking advantage of an unusually high one. The difficulty in making nice adjustments between income and outlay may be indicated from the fact, taken from the Cartwright letters, that returns for flour and potash sent to England in 1810 and 1811, were being received in 1813.

Another feature of the situation worthy of note, was the fact that, while the country was being drained of specie, bills of exchange on England continued to steadily decline. This was naturally attributed to the scarcity of a circulating medium. Why, then, it might be asked, were not bills of exchange exported instead of specie? For the reason, already indicated, that the exports went to England, while the imports came largely from the United States in small quantities not payable in bills of exchange. This indicates that the greatest service which a banking institution could have rendered to the country at that time would have been to undertake a more economic adjustment of the country's foreign exchanges. That it would have been a very profitable undertaking, if conducted upon a sufficiently large scale, is evident from a comparison of the prices of bills in the American and Canadian markets. When ulti-