

to note some special circumstances attending their introduction, and connected with payments to be made into the Military Chest.

In 1825, the Home Government, under the influence of Mr. Huskisson, made several important concessions to colonial trade in modifying the old Navigation Laws and permitting a freer trade between the colonies. One phase of this was the permission granted to the East India Company to send its teas directly from China to Canada, instead of through commercial houses in Britain. Messrs Forsyth, Richardson & Co., of Montreal, were appointed agents of the East India Company for the sale of their teas. By an arrangement with the British Treasury, the receipts from the sale of the teas were to be paid into the Military Chest in Canada. This arrangement was notified to Messrs. Forsyth, Richardson & Co., and, in accordance with the new plans of the British Treasury, they were instructed to make the payments in specie.

On receiving these instructions the agents wrote to Mr. Turquand, in charge of the Military Chest, on March 31st, 1825, stating that very serious difficulties would arise if the payments were to be made wholly in specie. They point out that there is very little specie in circulation in the colony, since the greater part of the currency consists of bank notes, and especially the notes of the Bank of Montreal. Payment for the teas will naturally be received in these notes, which, in turn, will be readily accepted for any payments which the Government has to make in Canada. As the bank is thoroughly reliable, they urge that its notes may be received, in part at least, in the payments to be made to the Military Chest. If specie alone is demanded it must be brought from the United States, an operation which is both expensive and risky, and in spring and autumn almost impossible. What supply of specie there is in the country is chiefly in the shape of small silver coins. The dollar pieces and gold, being at a premium, have mostly disappeared. They then proceed to expatiate on the credit and stability of the Bank of Montreal and the entire safety to the Government in accepting its notes. Should there be any doubt on this point they are quite willing to furnish additional security. It is proposed that the Military Chest should accept the bank notes to the extent of £25,000.