

an early return to sound financial operations precluded by expedients resorted to in tiding over temporary difficulties. Lord Russell sent similar instructions to Lieut.-Governor Arthur. In default of this method of employing the Provincial credit the Government attempted to dispose of its regular debentures as best it could, though the results were far from encouraging.

As was but natural, the popular American conviction of the period that paper money was both wealth and capital wherever the credit upon which it was issued was good, was held to be applicable to other spheres than that of government. One of the important enterprises of the day was the Welland canal, a most useful and even indispensable undertaking with reference to the future development of the country. Like most other undertakings of the time, its promoters had their own difficulties in financing the enterprise. Mr. Merritt, the leading advocate of a Provincial paper currency, was the most active promoter of the canal. Hence, when other sources of capital failed, and the limited Government aid was exhausted before more had been secured, Mr. Merritt and his associates fell back upon an issue of paper money, based upon the actual accomplishment and the future prospects of the canal. This paper was issued, apparently about the end of 1835, in the shape of small debentures, a common device in some of the American States. They were to be paid at the end of a year, with interest. But to issue is easy, to redeem hard, and the times not improving the paper was not redeemed. There was some talk of redeeming it in 1837 by the issue of Government debentures in aid of the canal; but this was only partially, if at all successful, there being no eager market for Upper Canada debentures at that time. However, the subsequent history of Welland canal money belongs to a later period.

Still another direction in which the prevalent monetary heresy of the time was leading the unsophisticated, and for which there was also considerable American precedent, was that of the municipal issue of paper money.

The corporation of the recently chartered city of Toronto was, even in those days, inclined to be somewhat extravagant, was at any rate always outstripping its revenue. The banks being partly unwilling and partly unable to afford further assistance, the corporation decided to adopt the panacea of the age