

CHAPTER XIV.

Early History of Currency.—Dominion Notes.—World's Monetary System.—Coinage of the World.—Monetary System of Canada.—Chartered Banks.—History of Banking in Canada.—Business of Banks.—Prices of Bank Stock.—Profits of Banks.—Clearing Houses.—Insolvency in Canada.—Savings Banks.—Government Savings Banks.—Building Societies and Loan Companies.

PART. I.

1077. All sorts of coin were in the early days used in British North America.

The first step taken in Canada for a revision of currency was in 1795, when, to remedy the evils resulting from the coined money in circulation being reduced in weight, debased in value and composed of every variety of pieces peculiar to all countries trading with this continent, an Act was passed which fixed a standard of value founded upon the average intrinsic worth of the gold and silver coins of Great Britain, Portugal, Spain, France and the United States.

Subsequently various Acts of the Legislatures established a valuation for these pieces, at which they were accepted in market overt.

1078. Finally, in 1853, the Province of Canada adopted dollars and cents, pounds, shillings and pence as the only moneys of account. In 1871, the Federal Parliament passed the Act (Chap. 4, Acts of 1871) respecting the currency which gave to the provinces of the Dominion a uniform currency, the single gold standard adopted being that of the British sovereign of the weight and fineness prescribed by the laws of the United Kingdom, to pass current at \$4.86 $\frac{2}{3}$. Provision was also made that, until otherwise ordered by Her Majesty's proclamation, the gold eagle of the United States, of the fixed weight of 10 pennyweights and 18 grains troy, and of a settled standard of fineness, should be legal tender in Canada. The same Act provided for a gold coinage for Canada, but special Canadian gold coinage has not been minted.

Silver coin were made legal tender to \$10, and minor coin to 25 cents. The silver coins in use are 50, 25, 20, 10 and 5 cents.

1079. In addition to the coin used, the Canadian Government issue Government notes. These were first issued in the Province of Canada under the law of 1866. The authority was limited to \$5,000,000 on general account, and \$3,000,000 to replace notes of banks surrendering their power of issue. It was provided that 20 per cent of the notes issued should be covered by specie reserve and the remainder by Government debentures.

1080. On the formation of the Dominion, the permitted issue by Act of 1868 was enlarged to \$20,000,000, any amount in excess of \$5,000,000 to be covered by 25 per cent in specie, or in specie and Canadian securities