

1087. The monetary system of Canada has attracted much attention during the past year or two among students of economic questions in the United States. The New York *Commercial Advertiser*, congratulating Canada upon "successfully placing upon the London market a large 3 per cent loan at 3.076 per cent interest," says, "The United States have never placed a loan, all things considered, upon as favourable terms," and accounts for the success of Canada thus:

"1st. Because the Canadian Government followed the action of Great Britain in adopting a single standard of exchange or measure of value.

"2nd. Because the leaders of neither political party in Canada have ever pandered to the populist demand for the free coinage of silver.

"3rd. Because the leaders of both political parties have steadfastly opposed the issue and circulation of coin or paper currency of doubtful value.

"4th. Because the bank currency of Canada is payable in gold coin on demand.

"5th. Because the monetary system of Canada has never been made a political issue.

"6th. Because the electors of Canada have persistently demanded honest money, irrespective of their party affiliations."

CHARTERED BANKS.

PART II.

1088. In 1817 the first bank was established—the Bank of Montreal, in Montreal, followed the next year by the Bank of Quebec, in Quebec. These banks were not granted a charter till 1821.

The first charter is not remarkably different from those of the present day. The three special functions of banking were performed from the first establishment, viz., receiving deposits, issuing notes and discounting bills. There was one peculiar clause in the Bank of Montreal's original charter. It was that officers of the bank guilty of secreting, embezzling or running away with bill, bond, obligation, money or effects, should, on conviction, be deemed guilty of felony, the penalty attached being death as a felon without benefit of a clergy.

Between 1821 and 1836 many banks were established. Among them was the Bank of British North America, organized by Scotch and English merchants, and incorporated by Royal Charter.

In 1830 the Banking Act was amended so that the total amount of notes of less sum than \$5 in circulation at one time should not exceed one-fifth of the paid up capital; that no notes under the value of \$1 should be issued, and that all issues of less than \$5 might be limited or altogether suppressed by the legislature.

About 1835 the Government provided for the establishment of private, or, as they were called, licensed banks. These were authorized to issue notes, under certain limitations, upon depositing with the Government provincial debentures to the amount of the contemplated issue.

A bank fever seized the province in 1836, and in 1837 applications were made for licenses for nine banks in Upper Canada.