

The proportion of the \$500 and \$1,000 issued to the total issue of Dominion notes, in 1884, 1894 and 1895 was:—

	1884.	1894.	1895.
Issue of Dominion \$500 and \$1,000	57·8 p.c.	63·1 p.c.	64·6 p.c.
Issue of \$2 and \$1 notes	33·2 “	31·9 “	31·5 “
Issue of all other notes.....	9·0 “	5·0 “	3·9 “

925. The result of the analysis is to show that in the period 1884–94 the issue of Dominion notes increased 26·2 per cent, that the issue of notes of \$500 and \$1,000 increased from 57·8 to 63·1 per cent, and that notes of all other denominations decreased relatively to the total issue, 1895 showing the same result. Notes of \$1 and \$2 show an absolute increase of \$1,160,288, or 21·5 per cent in 1894 over 1884, and of \$128,507 in 1895 compared with 1894. Practically the increase relatively to the whole issue has been confined to those denominations of notes which are held by the chartered banks.

PART II.

CHARTERED BANKS.

926. 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.

On May 18th, 1837, the Lower Canadian banks suspended specie payments owing to the demand for specie in the United States, in which country the banks had generally suspended on the 12th May. The suspension of the Lower Canadian banks continued till 1st June, 1839, with the exception