

States, are legal tender. These, however, are almost entirely divided between the Dominion Government and the banks as reserves, and the chief circulating medium of the country is provided by paper and token currency. The gold coinages of the Ottawa Branch of the Royal Mint, which was opened on January 2, 1908, are given in Tables 27 and 28. It is of interest to note the different proportions of British and United States gold coins held in reserves in Canada. Table 29, compiled by the Dominion Comptroller of Currency, gives the form in which the gold has been held by the Government in recent years. The American gold, it will be seen, greatly preponderates, and there is a considerable additional amount held by the banks, as it is legal tender in both countries.

Token Currency.—Silver and bronze coinages for Canada are shown in Tables 27 and 30.

Dominion Notes.—The foundation of the Canadian monetary system is the paper currency of the Dominion Government. Under the Dominion Notes Act, 1914 (5 Geo. V, c. 4), the Dominion Government is authorized to issue notes up to and including \$50,000,000 against a reserve in gold equal to one-quarter of that amount.¹ Notes may be issued to any additional amount in excess of \$50,000,000, but (except as provided by Finance Act, 1914), an amount of gold equal to the excess must be held. Thus Dominion notes are under normal conditions gold certificates. Under the Act, the Government issues notes of the denominations of 25 cents, \$1, \$2, \$4, \$5, \$50, \$100, \$500, \$1,000. In addition, "special" notes of the denominations of \$500, \$1,000, \$5,000 and \$50,000 (first issue September, 1918), are issued for use between banks only, the purpose being to safeguard against theft. Table 31 shows how the different denominations have run during the past six years in the circulation. Dominion notes are redeemable normally in "specie," which practically means gold, silver being legal tender only to the amount of \$10. Table 33 gives the main statistics of Dominion note circulation and the reserve on which it has been built since 1890.

¹ The following is an outline of Canadian legislation respecting the issue of notes. After Confederation, by an Act of 1868 (31 Vict., c. 46), authority was given for the issue of notes to the extent of eight million dollars. The reserve was fixed at 20 p.c. up to a circulation of five millions; beyond that, 25 p.c. to be held as reserve. The law of 1870 (33 Vict., c. 10), authorized a limit of nine million dollars. The reserve was fixed at 20 p.c., but the nine millions were only to be issued when the specie amounted to two millions. Dollar for dollar was to be held beyond nine millions. In 1872 (35 Vict., c. 7), the reserve for the excess over nine millions was fixed at 35 p.c. in specie. This was amended in 1875 (38 Vict., c. 5), by requiring dollar for dollar beyond twelve millions; for the reserve between nine and twelve millions 50 p.c. in specie was to be held. In 1878 the law respecting Dominion notes was extended to the provinces of Prince Edward Island, British Columbia, and Manitoba. In 1880 (43 Vict., c. 13), the basis of the present standard was established. A reserve of 25 p.c. in gold and guaranteed debentures was required, of which 15 p.c. at least must be in gold. The limit was raised to twenty million dollars. In 1894 (57-58 Vict., c. 21), the limit was raised to twenty-five millions, but this was found unworkable and was repealed in 1895 (58-59 Vict., c. 16), and authority was given to issue notes to any amount over twenty millions, on holding dollar for dollar beyond that sum. In 1903 (3 Edw. VII, c. 43), the Minister of Finance was required to hold gold and guaranteed debentures of not less than 25 p.c. on Dominion notes issued and outstanding up to thirty million dollars; beyond thirty millions he was required to hold gold equal to the excess. In 1914 (5 Geo. V, c. 4), this amount was raised to fifty millions. The Finance Act, 1914 (5 Geo. V, c. 3), makes provision, in case of war, panic, etc., for the issue of Dominion notes against approved securities.