

5.—Denominations of Dominion or Bank of Canada Notes in Circulation, 1926, 1929, 1932, and 1935-37.

NOTE.—Annual averages of month-end figures.

Denomination.	1926.	1929.	1932.	1935.	1936.	1937.
	\$	\$	\$	\$	\$	\$
Provincial.....	27,624	27,621	27,594	27,584	27,583	27,581
Fractional.....	1,330,663	1,380,710	1,287,544	1,253,376	1,173,630	1,142,455
\$ 1.....	17,732,100	20,032,308	18,957,935	21,073,894	21,896,929	23,048,042
2.....	12,925,212	14,609,088	13,346,323	14,457,105	14,994,532	15,662,722
4.....	33,397	32,138	31,004	29,861	29,608	29,444
Totals....	32,048,996	36,081,865	33,650,400	36,841,820	38,122,282	39,910,244
\$ 5.....	626,179	730,101	5,137,627	11,718,950	14,264,286	21,415,392
10.....	Nil	Nil	Nil	11,074,430	23,517,545	37,914,727
20.....	Nil	Nil	Nil	3,503,082	7,962,389	15,328,494
25.....	Nil	Nil	Nil	115,810	93,839	73,433
50.....	650	650	650	1,094,821	2,801,183	4,588,100
100.....	Nil	Nil	Nil	1,443,950	3,671,616	5,813,192
500.....	1,875,917	1,811,875	2,530,833	21,073,894	2,416,917	1,981,542
1,000.....	3,799,250	4,168,917	6,437,583	11,585,083	12,414,166	14,017,333
Totals....	6,301,996	6,711,543	14,106,693	61,610,020	67,141,941	101,132,213
Specials—						
\$ 1,000.....	671,333	407,667	3,500	1,000	1,000	1,000
5,000.....	16,307,500	7,209,583	8,063,750	2,065,833	10,000	10,000
50,000.....	134,675,000	153,970,834	110,054,167	26,816,667	Nil	Nil
Totals, Specials.	151,653,833	161,588,084	118,121,417	28,883,500	11,000	11,000
Grand Totals..	190,004,825	204,381,492	165,878,510	127,335,340	105,275,223	141,053,457

Subsection 3.—Chartered Bank Notes.

By reference to the historical outline at the beginning of this chapter, the developments may be traced by which bank notes became the chief circulating medium in Canada in the period preceding the establishment of the Bank of Canada. The main steps of this development which remained as permanent features of the system are assembled and emphasized here. By the Bank Act of 1870 (later consolidated with the general Bank Act of 1871), the note issue of a bank was not to exceed its paid-up capital, no bank notes were to be issued under \$4 in value (later changed to \$5 and multiples thereof), and, while the banks were allowed to use their own discretion regarding the amount of their cash reserves, it was stipulated that at least one-third (later increased to 40 p.c.) of such cash reserves as they chose to carry should consist of Dominion notes. In the revision of 1880, a note-holder was definitely recognized as a preferred creditor. The Bank Act of 1890 provided for the Bank Note Circulation Redemption Fund, made up by each bank depositing with the Minister of Finance an amount equal to 5 p.c. of its note circulation. As a result of the operation of this fund and of making notes a prior lien against the assets of failed banks, no bank-note holder in Canada has suffered a loss since 1881. In 1908, after the financial crisis of 1907, provision was made for the banks to issue, during the crop-moving season, October to January, inclusive (later extended to September to February, inclusive), an excess circulation up to 15 p.c. of their combined capital and 'rest' or reserve funds, such excess to be taxed at a rate not exceeding 5 p.c. per annum. The revision of the Bank Act in 1913 provided for the establishment of Central Gold Reserves in which banks might deposit gold or Dominion notes and