

5.—Denominations of Dominion or Bank of Canada Notes in Circulation, 1926, 1929, 1932, and 1937-39.

NOTE.—Annual averages of month-end figures. The totals outstanding are not always multiples of the denominations of notes, because of adjustments made according to scale when parts of mutilated notes are turned in for cancellation.

Denomination.	1926.	1929.	1932.	1937.	1938.	1939.
	\$	\$	\$	\$	\$	\$
Provincial.....	27,624	27,621	27,594	27,581	27,578	27,576
Fractional.....	1,330,663	1,380,710	1,287,544	1,142,455	1,123,738	1,112,857
\$ 1.....	17,732,100	20,032,308	18,957,935	23,048,042	23,716,228	24,675,157
2.....	12,925,212	14,609,088	13,346,323	15,662,722	15,900,985	16,292,040
4.....	33,397	32,138	31,004	29,444	29,334	29,204
Totals....	32,048,996	36,081,865	33,650,400	39,910,244	40,797,863	42,136,834
\$ 5.....	626,179	730,101	5,137,627	21,415,392	24,005,936	27,651,343
10.....	Nil	Nil	Nil	37,914,727	45,738,944	57,562,141
20.....	"	"	"	15,328,494	19,849,718	24,325,035
25.....	"	"	"	73,433	63,390	57,654
50.....	650	650	650	4,588,100	5,591,283	6,991,237
100.....	Nil	Nil	Nil	5,813,192	8,056,675	10,518,633
500.....	1,875,917	1,811,875	2,530,833	1,981,542	1,411,500	967,292
1,000.....	3,799,250	4,168,917	6,437,583	14,017,333	15,610,750	14,683,750
Totals....	6,301,996	6,711,543	14,106,693	101,132,213	120,328,196	142,757,055
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	10,000	10,000	10,000
50,000.....	134,675,000	153,970,834	110,054,167	Nil	Nil	Nil
Totals, Specials.	151,653,833	161,588,084	118,121,417	11,000	11,000	11,000
Grand Totals..	196,004,825	204,381,492	165,878,510	141,053,457	161,137,059	184,904,919

Subsection 3.—Chartered Bank Notes.

The developments by which bank notes became the chief circulating medium in Canada in the period preceding the establishment of the Bank of Canada are described in the historical outline referred to at the beginning of this chapter. 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