

Section 2.—Currency

Subsection 1.—Notes and Coinage

Note Circulation.—The development by which bank notes became the chief circulating medium in Canada prior to 1935 is described in the 1938 Year Book, pp. 900-905. Those features of the development which then became permanent are outlined in the 1941 Year Book, pp. 809-810.

When the Bank of Canada commenced operations in 1935 it assumed liability for Dominion notes outstanding. These were replaced in public circulation and partly replaced in cash reserves by the Bank's legal tender notes in denominations of \$1, \$2, \$5, \$10, \$20, \$50 and \$100. Deposits of chartered banks at the Bank of Canada completed the replacement of the old Dominion notes of \$1,000 to \$50,000 denomination that had previously been used as cash reserves.

The chartered banks were required under the Bank Act of 1934 to reduce gradually the issue of their own bank notes during the years 1935-45 to an amount not in excess of 25 p.c. of their paid-up capital on Mar. 11, 1935. Bank of Canada notes thus replaced chartered bank notes as the issue of the latter was reduced. Further restrictions introduced by the 1944 revisions of the Bank Act cancelled the right of chartered banks to issue or re-issue notes after Jan. 1, 1945 and in January 1950 the chartered banks' liability for such of their notes issued for circulation in Canada as then remained outstanding was transferred to the Bank of Canada in return for payment of a like sum to the Bank of Canada.

The classification of Bank of Canada notes in circulation by denomination shown in Table 3 for 1952-55 is not strictly comparable with the classification for earlier years. Dominion notes have been excluded from the denomination classification and the total only is shown. Also an item has been added showing the outstanding chartered bank notes issued originally for circulation in Canada. The statistics of total notes in the hands of the general public are comparable with earlier years.

3.—Bank of Canada Notes by Denomination and Other Notes in Circulation as at Dec. 31, 1952-55

Denomination	1952	1953	1954	1955
	\$	\$	\$	\$
Bank of Canada Notes—				
\$1.....	56,585,226	59,177,372	62,160,634	65,490,666
\$2.....	41,820,803	42,795,783	44,679,550	47,372,696
\$5.....	120,268,760	120,688,495	122,423,538	130,931,243
\$10.....	475,289,040	475,247,695	469,294,860	499,587,455
\$20.....	430,812,670	446,293,020	453,120,810	493,654,730
\$25.....	46,525	46,425	46,425	46,350
\$50.....	123,290,025	125,318,100	123,729,475	127,747,300
\$100.....	287,874,900	304,696,950	323,084,450	347,255,500
\$500.....	105,500	76,500	68,500	63,000
\$1,000.....	9,618,000	9,805,000	10,353,000	12,201,000
Totals.....	1,545,711,449	1,584,145,340	1,608,961,241	1,724,349,939
Provincial notes.....	27,568	27,568	27,568	27,568
Dominion notes.....	4,670,385	4,665,188	4,660,752	4,654,858
Defunct bank notes.....	88,362	88,463	88,232	88,181
Chartered bank notes.....	10,695,297	10,198,230	9,719,115	9,370,277
Grand Totals.....	1,561,193,061	1,599,124,789	1,623,456,907	1,738,490,823