

dividual hoards of specie, composed almost entirely of old French coins, much worn and considerably over-rated; they were distrustful of paper money and exchanged it as speedily as possible for coins. In this exchange, local prejudice and the interests of the banks favored French silver.¹⁹ The banking institutions of French Canada were but little patronized, either in the use of their notes, or as repositories for savings. But they found a field for profit-making in the collection of "all the maimed and wayworn French coins on the continent," and passing them out to the habitants at their much over-rated valuation.²⁰

This custom of returning bank notes for redemption in coin had a steadying effect upon the French Canadian banks which placed them at an advantage as compared with the banks of Upper Canada and the United States in time of crisis. They were forced to exercise caution and moderation in their issue of notes by the fact that the notes were usually soon returned for redemption in coin. The amount of coin thus kept in circulation made it easier for the Lower Canadian banks to replenish their vaults with specie. Thus, for example, the three French Canadian banks experienced much less difficulty in weathering the crisis of the early twenties than did the banks of the United States and Upper Canada. In fact, the Quebec bank, with a patronage mostly confined to a select circle of merchants within and about the city, experienced no great loss; while the two Montreal banks, though they suffered severely, were able to pull through in solvent condition.²¹

Another episode which had tended to shake the faith of the French Canadians in banking institutions was the formation of wild-cat banking schemes under the lax laws existing prior to the confederation of the provinces. These spurious banks found their opportunity in two circumstances. There was, in the first place, a deep-rooted race prejudice against the existing institutions, which were almost entirely in the hands of the

¹⁹Ibid., vii, 319.

²⁰Ibid., vii, 319; viii, 152-154.

²¹Ibid., viii, 2.