

financial relations between the United States and Canada, I wish to explain why Canada maintains so easily its position as a gold-standard country, and why its great and wealthy neighbor, the United States, also a gold-standard country, has been repeatedly threatened with the degradation of its standard from gold to silver.

When the provinces of British North America entered into the Confederation known as the Dominion of Canada, they resigned their powers in the matters of banking and currency, and these were assumed by the Federal government. There is, therefore, no conflict of authority on these subjects between the Federal and Provincial governments. When the Confederation known as the United States was formed, the original States were anxious to retain as far as possible their sovereign powers. They therefore conferred upon the Federal jurisdiction certain defined powers only, including the power to stamp metal as money. All powers not thus specially conferred on the Federal jurisdiction remained with the States, and under this balance of power the States have the right to create banks. The Federal government also has power to create a bank as it has to create any business corporation; but, with the exception of the two semi-state institutions, called in each case the "Bank of the United States," the Federal government did not attempt to exercise this power until driven to do so by the exigencies of the war. In the United States since the war both Federal and State governments have continued to create banks, and neither is likely to surrender this power.

BANKING AND CURRENCY IN THE UNITED STATES

The first bank charters granted in the old province of Canada about 1820, were copied largely from that of the Bank of the United States, and until 1832 the banking systems in the two countries did not differ materially. Neither government had yet issued notes as money, and both left the creation of paper money to the banks, who were of course supposed to redeem in gold. In both countries banks were developing systems of branches, although the granting of charters by the several States instead of by the Federal government tended

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