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MONEY AND ITS PANICS IN CANADA.

Canada under the French Regime had no financial institutions, and as for a bourse or exchange, the government was so jealous of popular meetings that it was not until 1717 that such a thing was permitted at Montreal and Quebec. The Intendant Meules openly remarked in 1685 that it was of very great consequence that the people should not be permitted to speak their minds. For some years a meeting of the principal inhabitants of Quebec was called every Spring and Autumn to discuss the price and quality of bread, the supply of firewood and similar matters, but the Council took care to have two of its members preside at the meetings and retained in its hands the right of action after hearing the report of the citizens. But even this slight privilege was shortly withdrawn from the people, and the Council used to call upon the merchants to show their invoices, whereupon it fixed of its own free will the prices at which the goods were to be sold. The merchant who sold and the purchaser who bought above this tariff were alike condemned to heavy penalties, and so was the merchant who dared to keep his goods rather than sell them at the price fixed. This applied to the merchants from France, but resident merchants were permitted to sell at any price they could get. We see this species of paternalism in the British markets to-day which compels the sacrifice of Canadian cattle immediately upon being landed, while not interfering with the domestic dealer.

The condition of affairs in Canada resulted in coin being scarce, and beaver skins long served as currency. In 1669 the Council declared wheat a legal tender at four francs le minot, or three French bushels, and in 1674 moose skins were declared to be legal tender for debt at the market rate. To keep coin in the colony a debased currency was issued one fourth less in value than that of France, but this foolish policy had only the inevitable result. It caused a continual increase in the price of commo-

ditics and the coin was shipped to France in payment of debts by every ship. Trade was carried on largely by notes representing furs, goods or farm produce payable to bearer. Then in 1685 the Intendant Meules committed the egregious error of issuing "Card Money". He had at that time no money with which to pay the soldiers and "not knowing to what saint to make my vows," he writes "the idea occurred to me of putting in circulation notes made of cards, each card cut into four pieces", and he issued an ordinance commanding the inhabitants to receive them in payment.

The cards were common playing cards and each piece was stamped with the fleur de lys and a crown and signed by the Governor, the Intendant and the clerk of the treasury at Quebec. While confidence lasted the idea was pronounced a huge success. The example of Meules was followed by every needy Intendant and Governor, and as the cards were worthless outside the colony they did not flee the country. It was fiat money with a vengeance, and the Government declared it not convertible into coin but into promissory notes at stated intervals. It had accumulated to the amount of two million livres by 1714, and the bubble of its value being broken, confidence was lost and trade stagnant. The minister Ponchartrian undertook to redeem it at half its face value, but even this scheme, which the holders gladly embraced, fell through. In 1717 the government proposed to convert the card money into bills of exchange, which was done, and this was attended by a new issue, which was declared to be positively the last appearance of the evil. But this strange currency was not unlike a prima donna, it was not content with one positively last appearance and another was on the cards in 1829.

Even the coinage of the country was not exempt from the fiat evil and four times within eight years its legal value was altered. At the close of the French regime the country was floundering in an ocean of worthless paper and unsettled currency, and while the British were capturing Canada by force of arms the French monarch

was destroying the commerce and prosperity of his transatlantic subjects by dishonoring the bills of exchange of the intendant, to whom he had granted absolute powers. According to the author of illustrated Canada he involved in this not merely the holders of twelve million livres (500,000 stg.) but also those who held any paper currency, which at the Cession amounted to four million pounds sterling, or nearly twenty millions of dollars in the computation of to-day, without taking into consideration the comparative value in purchasing power of such an amount then and now. This paper was redeemed at about four cents on the dollar, and, if the figures are reliable, the loss involved in Canada's first and last experience with fiat money was something appalling.

It is no wonder that the Canadian habitant, having been successively bitten by fiat money and water-the-wisp financiering now replaces his soul firmly upon the gold basis and refuses to introduce currency tinkering into his political platform, a fashion which his neighbor to the south light-heartedly pursues in the expectancy that in some extraordinary way he may be enabled to pay his debts with less than he borrowed, while dunning his debtors for a little more than he lent. Jean-Baptiste liked not paper currency overmuch. When banking began he looked upon bank notes as no better and frequently much worse than private notes, compelling the endorsement even of the notes of the bank of Montreal by men whose he knew before he accepted them, and notwithstanding the extraordinary safeguards which surrounded the bank note of to-day, let there be but a whisper against the credit of a bank, a transaction which he does not entirely understand and behold he will flock with a crowd of frightened fellows to town, nor calm down until he has transferred into gold the bills which had been hoarded in stockings and under mattress.

After the cession of Canada to the British throne, the condition of its currency remained for many years anything but satisfactory. In the absence of a colonial coinage the gold and silver coins of other