

Only after the resumption of specie payment did they rapidly disappear. Even yet, however, an occasional note turns up to puzzle the antiquarian. Though these banks belong to a forgotten chapter in Canadian history, yet they formed part of that varied experience which enabled the people of the United States and Canada to realize what were the essentials of a sound system of banking.

One of the secondary consequences of the suspension of specie payments by the banks, or the curtailment of their issues where not suspended, was a veritable famine of small currency. The fractional currency of the country was closely connected with the redemption of bank notes, and the bank notes ceasing to be redeemable, a great part of the metallic currency of the country vanished from ordinary circulation, having passed to a considerable premium. No bank notes being permitted to be issued for less than five shillings or one dollar, a great scarcity of fractional currency inevitably resulted. As a natural consequence, the old system of issuing *bons* was once more resorted to by many of the merchants of both Provinces. Almost every town of any importance had its local currency, which circulated throughout the surrounding district. This fractional paper was usually issued in denominations of 3d. (5c.), 6d. (10c.), 7½d. (12½c. a York-shilling), 1s. 3d. (25c.), and 2s. 6d. (50c.) In the English sections of the country they were commonly known by the American name of "shin-plasters." In the case of the more responsible merchants, redemption of these small notes was promised if presented in sums of five shillings or over; in other words, redemption was promised in bank notes of one dollar and upwards.

With the whole country filled with these unauthorized but nevertheless indispensable fractional notes, it became increasingly difficult to avoid fraudulent or insolvent issues, on the one hand, or to abolish the whole system, upon the other. Various attempts were made to deal with the whole question of private note issue. One of the proposals, the least objectionable in itself though of doubtful expediency under the circumstances of the country, was the issue of a Provincial paper currency, and the suppression of all others except that of the chartered banks. This, as we have seen, was specially advocated in Upper Canada.