

very early times. It is not at all a modern invention. It must have come in before the time of the Romans. Almost certainly it was introduced by the Jews, who have had extraordinary ability and capacity in regard to money and real keenness and valuable genius. The Romans were engaged in something else besides fighting. According to the histories we had at school, the Romans were always fighting, but the Romans had to eat and wear clothes and do other things; they must have done something else besides fighting. They were a great commercial people and a very large trade centered in Rome. Suppose the Romans had to import wheat from Egypt and Egypt had to contribute and maintain an army from Rome. Both these, of course, were absolutely true.

The payment for the troops that were maintained in Egypt had to be made by Egypt and payment for the wheat that was consumed in Rome had to be made by Rome. You will very likely say that the tribute money would pay for the wheat, and to ship the gold over, as was done sometimes from Rome to Egypt to pay for the wheat and then to ship it back again from Egypt was simply to tempt piracy, for the Eastern Mediterranean was then, and for centuries afterwards, infested by an extremely clever and ingenious lot of pirates. Really the cleverest piracy in the history of the world was seen in the Eastern Mediterranean.

Back to Rome.

It did occur, however, that somebody thought the proper way to make these payments was for the Roman importer of wheat to pay his gold to a bank in Rome that had a branch in Alexandria, and get a certificate from the Roman master of that banking house and send the paper certificate over to Alexandria when the gold could be handed over on production of the paper certificate. That stopped the pirate gentlemen at once, for he dare not go into Alexandria to attempt to cash it. This is exactly what we do to-day. If I have to send money over to England I never dream of buying the gold, insuring it and paying the freight. I go to my bank and I ask them to sell me a draft on London and I send that piece of paper over to London. My banker charges me, of course, for gold's value for the draft, and I have the paper merely as a deposit receipt. I send this over to England and it shows that I gave value to the banker here for it. It is much more complex now, but in primitive times it was merely a receipt for the gold. That was the beginning of paper money, and it grew from that until in the middle ages the bankers or dealers got into the habit of receiving the precious metals from gentlemen living round in the neighborhood, and often from governments, and giving for it the deposit receipts, thus saving them from carrying a large amount of gold and going through the miserable process of weighing and assaying.

Men would leave their gold with reputable dealers and get a certificate that the holder was entitled to such and such a weight in gold, and with that deposit receipt he was able to make his payments. But one day a brilliant idea occurred to some banking dealer; imagine a very reputable banking house under the control of an old Jewish gentleman, whose son constantly noticed that although they were always taking in gold and giving out deposit receipts, it seemed a little time before they came back again to be cashed. He saw gold going out and receipts out, yet there was always a large amount of gold lying in the vaults and he thought to himself, why need we keep all this gold in the cellar, sometimes more, sometimes less, but always a certain amount of it? He may have told his father, but probably he was one of those

who would never alter their methods, but I haven't any doubt that when that son became the head of that banking house he tried the experiment very carefully at first, and as he found it worked all right he kept on with it, and he was the father of the modern banker of to-day.

To Get Too Much Profit.

If you supply the public with a thing, and currency is a thing, it is only right that you should be entitled to your reward for that thing. Banks can keep notes outstanding as long as they like, provided they are never caught short, provided they always meet them the moment they come in over the counter and pay them on demand over the counter. This is the essence of a banker's liability, and provided the banker can always meet his notes over the counter his notes are good. He need not keep gold in his vaults for all his notes; he does not—he has not got it.

But this principle of their banking in the early days ended in a great many trying to get too much profit, with the result that banks had their notes repudiated and disaster followed, and this was quite common in England in the early part of last century, so that at last the government stepped in, and it is worth your while reading the English banking act of 1844, which cut down that power of issuing notes, tying it down so tight that it is impossible to apply it in England. The Bank of England is practically the only bank that issues notes now, but for every Bank of England note that comes in or out, gold goes in or out of the Bank of England.

Bank Note and Security.

All this, of course, does not apply to this country, for our banks have no restriction whatever on their notes. They can keep out as many notes as they like and the new bank act allows them certain other privileges.

Now, when the struggle was going on in England, and when this difficulty about the bank note and security of the bank note was in the public mind, the cheque system had been gradually growing up, and if it had not been for that system the bank act of 1844 would have ruined business, and the cheques probably saved the panic.

A cheque is home-made money, perfectly good, but it is home-made. I could go to my banker and I could agree to owe him a certain sum to be paid when the potatoes are sold, that is to say, we agree to owe each other mutually. I could then make perfectly good currency and the bank will cash it, and this is how the bulk of the currency is made. A mutual agreement to owe. We have passed a long way from the primitive stage of gold and gold alone. We have come to a condition in which money is still the measure in the strictest sense, but we only promise to pay money; the one is a promise and the other reality, but I know I can get the promise redeemed.

Government Money in North America.

Government money and the kind we get is best illustrated from North America. Governments, particularly in the last century, have done a tremendous amount of interfering with money, and what the ordinary government does not know about money would be a complete treatise on money. In America some States picked up the idea that the government could create money, and lots of people have that idea in Canada to-day. Many people do not realize to-day that legislation does not create paper money. It was actually done, however, to create paper