

Australian system appears to have failed largely because it permitted the application of casual wealth to satisfy wants of a more or less permanent character. The United States system broke down in 1893 because of the too stringent regulations which it employed to govern the maximum of created credit. And in England also it has frequently been necessary, in order to prevent widespread disaster, to relax the legal restrictions of the same nature as those which caused the trouble in the United States.

In Canada the system has grown by slow degrees, being amended periodically as experience suggested to meet the peculiar needs of the country. Its ramifications extend to the remotest parts, into every village, and into practically every house. It may be said that the whole business of the country is conducted on credit, and on credit supplied principally from within. The system has so permeated the every-day life of the people that almost everyone, from the capitalist to the laborer, has a bank account somewhere, and a five-dollar gold piece is looked upon with more suspicion than a five-dollar bank note.

The institutions which form the system in Canada are divided in theory, and to a large extent in practice, into classes, upon the basis of the duration of the credit in which they deal. The principal of these classes is represented by the chartered banks; after which the most important functions are performed by the loan companies. Following these is the Government, operating through the circulation of legal tender notes, and the post office and Government savings banks. Lastly come the private bankers, and the two large savings banks in the Province of Quebec—the City and District Savings Bank of Montreal, and La Caisse d'Economie de Notre Dame de Quebec.

There are no statistics available relating to the volume of business done by private bankers. The relative importance of the other parts of the financial system is indicated by the following figures :\*

---

\* The present article was written in June, 1895, when the latest figures of the Loan Companies obtainable were those for 1893.