



## THE HISTORY OF CANADIAN CURRENCY, BANKING AND EXCHANGE\*

### I. EARLY METALLIC CURRENCY AND ITS REGULATION

HAVING undertaken to contribute a further series of articles on the history of Canadian Banking, I have found it necessary to an intelligent treatment of the subject, to take into consideration the closely allied and interdependent fields of the currency and exchange of the country. To accomplish this it is necessary to trace, up to our new point of departure in 1825, the various attempts to regulate the metallic currency of the colony, which were only incidentally referred to in the first series of studies dealing with the preparation for the earliest banks and their actual establishment. To supply this missing link is the object of the present article.

We have already followed the history of the introduction and valuation of the various coins current in Canada during the French period. Driven to cover, during the closing years of French rule, by an overwhelming invasion of paper money, these coins reappeared at the Conquest, and took their places as media of exchange along with the coins introduced by the purveyors for the British troops, or brought by the British and colonial merchants who established themselves at Quebec and Montreal. The Quebec merchants long continued to be closely

\*Chief sources:

Ordinances made for the Province of Quebec by the Governor and Council of the said province, since the establishment of the Civil Government. Quebec, 1767.

The Laws of Lower Canada, Vols. I—IV.

Statutes of Upper Canada, as published in 1812, 1819, 1823.

Dominion Archives, State Papers, Lower and Upper Canada.

A History of Currency in the British Colonies by Robert Chalmers, B.A., of Her Majesty's Treasury. With Appendix of Documents. London, 1893.

Letter Books of the Hon. Richard Cartwright. 1787-1815. In manuscript.

in touch with Britain and the eastern colonies of Nova Scotia and Massachusetts. The Montreal merchants, being almost entirely from the colony of New York, continued to maintain a close connection and intercourse with that colony by way of the Lake Champlain and Richelieu River route. In accordance with these influences, the standards of exchange introduced into Canada were determined by the colonial affinities of the merchants carrying on the Canadian trade.

On account of the long and intimate connection of the North American colonies with the West Indian trade, the Spanish dollar and its associates of a similar grade had come to be the money standard of the colonies.

It has been the general experience of all new countries with unlimited resources and an eager and enterprising people, but with little capital, that a constant need for the necessaries of life and the means of development has led to a steady export of all that could procure the needed means for expansion. But nothing is easier to send abroad, and at the same time so certain of a ready market, as metallic money. Thus a chronic scarcity of money was the burden of complaint in all the American colonies.

Without understanding the significance of the facts, each colony adopted such measures as suggested themselves for attracting and retaining as much money as possible. The expedient which chiefly appealed to men of common sense but without special knowledge, was naturally that of putting a premium upon the coins most desired. If one colony rated the dollar at 5s. while another rated it at 6s., it appeared as plain as a pike staff to the ordinary colonist, that a majority of the dollars would gravitate to the latter colony. Only a minority, relying on what seemed to the common-sense man over refined and unpractical argument, perversely declared that this plan was quite futile. Plain, unsophisticated argument prevailed, as it usually does in such cases, and the colonies engaged in a lively competition, partly with outsiders, but largely among themselves, for an increased share of the available currency. Before the close of the seventeenth century the "piece of eight," afterwards called the dollar, was variously rated in the American colonies

from 4s. 6d. to 7s., and many and bitter became the complaints of the colonies to the mother country against one another and the intercolonial traders.

Massachusetts, being the older and more important of the English colonies, was usually the pioneer in new colonial movements. This was no less true in the field of currency than elsewhere, though her example was frequently improved upon in the following of it. On the 13th of October, 1697, the General Assembly of Massachusetts legalized the customary rating of the piece of eight or Spanish dollar of 17 dwt. at 6s. This Act was authorized by the Home Government, and afforded a basis for a general regulation of the colonial currency which shortly afterwards became necessary.

The Imperial Government found it impossible to ignore the growing clamour from America for its interference to abolish the existing confusion in the trade of the colonies with each other and the home country, owing to the varying and uncertain ratings of the coins in circulation. The Board of Trade, after considering the matter carefully, advised the Crown-in-Council, and a royal proclamation was issued by Queen Anne, on 18th June, 1704, which was to be sent to the governors of the various colonies and by them to be strictly enforced. Following the Massachusetts rating of 1697 this proclamation fixed the maximum colonial valuation of the piece of eight at 6s.: and prescribed that the other silver coins in circulation, the half, quarter and others, should be rated in proportion.

A careful assay at the British mint, of the various standard types of the Spanish dollar, had determined its average value in sterling money to be 4s. 6d. The colonial rating, therefore, represented an increase of one-third on its sterling value, or the colonial rating stood to the sterling rating as 4 to 3. This, it may be remembered, was just the proportion in which the standard French coins had been overrated when sent to Canada and the other French American colonies.

The rating fixed by the proclamation of Queen Anne determined what was known as "proclamation money." However, the proclamation itself was very generally disregarded by the colonial merchants. Even had they the inclination, they

certainly had not the power to suddenly alter the general exchange habits into which the people had fallen. Further, the impediments to natural and profitable trade, which were involved in the carrying out of the various statutes constituting the navigation laws and the colonial commercial system generally, had led to their systematic violation where needful, frequently high officials conveniently nodding, and had weakened the respect for British laws and proclamations regulating colonial trade.

To enable the Government to enforce more definitely the terms of the proclamation, it was shortly afterwards embodied in an act of the Imperial Parliament (6th Anne, cap. 57, 1707), which provided severe penalties for its infringement. Even then the colonies found ways and means for the evasion of the law. As nothing had been stated with reference to the gold coins, most of the West Indian colonies passed over to a gold standard, in which the Portuguese Johannes, commonly known as the "joe," and its half, chiefly figured. The northern colonies found refuge in paper currencies, and fluctuations in the media of exchange increased rather than diminished. In 1740 and 1741 efforts were made to remedy these evils, but nothing definite was the outcome. In 1750 an Imperial act prohibited the issue of paper currencies in several colonies, and in 1764 this prohibition was extended to all the American colonies. In 1773 the prohibition was somewhat relaxed, by permitting colonial paper currency, voluntarily accepted by the creditors of the colony, to be offered as legal tender at the colonial treasury in payment of taxes.

We observe, then, that the rating for silver coins established by the proclamation of Queen Anne of 1704, was still in force at the time of the Conquest. The unit was the Spanish dollar, the sterling value of which was 4s. 6d., but allowed to be rated as high as 6s. in the colonies. Gold coins, however, had received no special rating. At the time of the Conquest the dollar was rated in Massachusetts and Nova Scotia, among other colonies, at 5s., whereas in New York it was rated at 7s. 6d. and not long afterwards at 8s. Both these standards were introduced by the merchants coming to Canada. There was also uncertainty as to the rating of the French and other coins already in the colony. Thus Governor Murray

found it necessary to pass an ordinance, soon after the treaty of peace, establishing the legal tender rating of the chief coins circulating in the country.

This was the ordinance, passed 14th September and published 4th October, 1764, "for regulating and establishing the currency of the Province." It will be observed that it proceeds upon the legal ground of the proclamation and act of Queen Anne, having as its basis the rating of the dollar at 6s. The preamble states that "it is highly necessary to fix a certain value upon every species of coin now in this colony upon one certain and uniform plan." After considering the currencies of the various colonies upon the continent, the following ratings are established:

COINS	WEIGHT dwt. grs.	RATING	
		£	s. d.
<i>Gold</i>			
Johannes of Portugal .. . . . . .	18 6	4	16 0
Moydore . . . . .	6 18	1	16 0
Carolyn of Germany . . . . .	5 17	1	10 0
Guinea . . . . .	5 4	1	8 0
Louis D'Or . . . . .	5 3	1	8 0
Spanish or French Pistole . . . . .	4 4	1	1 0
<i>Silver</i>			
Seville, Mexican and Pillar dollar ..	17 12		6 0
French Crown, or six Livre piece . . .	19 4		6 8
French piece, passing at present for 4s. 6d. Halifax currency . . . . .	15 16		5 6
British shilling . . . . .			1 4
Pistareen . . . . .			1 2
French nine-penny piece . . . . .			1 0
Twenty British coppers . . . . .			1 0

All higher or lower denominations of the said gold and silver coins were to be current in due proportions. After January 1st, 1765, these coins were to be legal tender according to these rates where there was no special agreement to the contrary. Further, in all agreements prior to, or since the Conquest, which have been made in livres according to the method formerly in use, the livre shall be estimated equal to 1s. of the currency established by this ordinance, the dollar being the equivalent of 6 livres, and in the same proportion for every other coin.

This clause had the very practical advantage of bringing the customary French currency of the colony into easy relation with the currency of the English colonies, by making the livre equivalent to the shilling. Both of them, however, were now merely nominal standards, or money of account, there being no

actual coins representing either the shilling or the livre as here determined. According to this arrangement a Spanish dollar would pay 6 livres of an outstanding Canadian debt, but a French crown, which was a 6-livre piece in French currency, would now pay  $6\frac{3}{4}$  livres of debt. The remainder of the ordinance throws light upon some other phases of the currency situation at the time. The scarcity of small change was frequently met by the practice, referred to in the ordinance, of cutting up the dollar coins and passing the fragments as small change at an arbitrary value. As this facilitated fraud it was ordained that no such cut money should be allowed to pass current by way of change in any part of the Province, and penalties were appointed for infringement of this clause.

I have already referred to the different currency standards employed by the merchants of Quebec and Montreal, the former taking the Halifax, which was also the Boston standard, and the latter the New York standard. The existence of these different standards in the country explains the concluding portion of the ordinance. To prevent the introduction of copper in such quantity as to drain the country of gold and silver, it is ordained that all sols marquez, whether old or new, shall pass only as farthings. From the publication of the ordinance to the first of January next (1765) 48 sols were to be deemed equal to 1s. Halifax currency, and 36 sols equal to 1s. York currency. But from and after the 1st of January 48 sols should be equal to 1s. currency of this Province. No one, however, should be required to take sols for more than 1s. at one payment. In this ordinance the gold coins are somewhat under-rated as compared with the silver coins, as was the case in most of the North American colonies, hence little gold remained in circulation.

It may be observed as a general principle in considering the fluctuating rates of the coins current in America, that though a uniform scaling up or down of the currency has little effect either in retaining it in the colony or driving it out, yet an unequal rating of the coins, as compared with their intrinsic value, will have the inevitable effect of driving the under-rated coins out of the country, while retaining the over-rated ones in it, this being only a special application of Gresham's law.

The merchants of Canada evidently paid no more attention to the requirements of this ordinance than suited their convenience. Though it was undoubtedly of value as affording a definite basis for legal settlement in cases of dispute, yet in the normal course of business the merchants continued to follow the usages to which they had been long accustomed.

Finding this to be the case, a further ordinance was passed on the 15th of May, 1765. By this the settlement of every form of commercial obligation entered into before the coming into force of the ordinance of 1764 was made legal if according to the scale of values stated in that ordinance. But the new ordinance went much further, containing the following very drastic clause: "That all original entries in books of accounts, and all accounts whatsoever for goods and merchandises, or other things sold and delivered, agreements, bills (bills of exchange only excepted), promissory notes, bonds, mortgages, and other securities for money, leases, and all interests and rents thereby reserved, kept, made and entered into, after the said first day of July next, in any other currency than the said currency by the said ordinance established, contrary to the true meaning thereof and of the said ordinance, shall not be admitted as evidence in any court of Law or Equity in this Province, but shall be deemed, adjudged and taken, and are hereby respectively declared to be null and void to all intents and purposes whatsoever."

Considering the conditions under which business had been carried on in the American colonies, this stringent regulation was not only a great injustice to the merchants, but simply impossible of enforcement. The simple prescribing of such regulations proved the failure of Governor Murray to appreciate the economic conditions of the colony. This was one of the grounds of his great unpopularity with the merchants in both Britain and Canada, who, through their petitions, finally secured his recall.

In 1768 this objectionable clause in the ordinance of 1765 was repealed, with the following observations as to its effects. It has been found by experience that this clause "does not answer the purpose for which it was intended, but hath occasioned diverse difficulties and inconveniences in the



recovery of just debts in the Courts of Justice in this Province, and is thereby likely to become the means of much fraud and injustice if it be suffered to continue in force." As a consequence of this experience we find that future governors were less rash in attempting to ride roughshod over the usages of trade and commerce as worked out in contact with the practical conditions of the time.

In the interval between the passing of the ordinance of 1765 and its repeal in 1768 we find that Murray, just as he was leaving Quebec on the 28th June, 1766, received instructions with reference to the currency, among other matters, upon which he was unable to take any action. Pending the arrival of Murray's successor, Sir Guy Carleton, President Irving of the Council took over the government. Apparently in accordance with the instructions sent to Murray, he immediately prepared in Council the draft of an ordinance for the regulating and establishing of the currency of the Province to take the place of the two ordinances then in force.

This draft specifically refers to the Act of Queen Anne, and reciting the clause limiting the piece of eight to 6s. currency, adopts that rating as the standard, and adjusts the other gold and silver coins as nearly as may be in proportion. In the list of rates given the only changes from the ordinance of 1764 are the raising of the weight of the standard Johannes to 18 dwt. 17 grs., increasing the value of the Spanish or French pistole from £1 1s. to £1 2s., and dropping from the list the French silver pieces other than the crown, and the British coppers. In place of the objectionable ordinance of 1765 a clause was introduced simply making the coins as rated in the ordinance legal tender for all debts and contracts, past or future, made within the Province, except where there is a special written or witnessed agreement to the contrary. The value of the copper currency was rated at 18 British copper half pence, 36 farthings, or 48 sols marquez to be the equivalent of 1s. currency, the limit of legal tender in copper coins at one payment to be 5s. This proposed ordinance was dated 7th July, 1766, and in sending it to the British authorities, Irving explained in an accompanying letter that the louis d'or and the French crowns were somewhat over-rated with the object of keeping these coins in the country,

which was very necessary owing to the scarcity of currency, and had hitherto proved effectual. In the same letter the President requests that a quantity of small currency be sent to the Province.

The Home Government, however, seems to have thought it better to leave the currency question, among others, where it was until the new governor should arrive. As we have seen, Carleton simply repealed the objectionable clause of the ordinance of 1765, but otherwise left the regulations as they were.

While there was considerable anxiety to have some of the ratings changed, yet there was no harmony of opinion as between the Quebec and Montreal merchants as to what the new standard should be. On August 31st, 1767, we find that several merchants of Quebec presented a petition to the Council praying that the currency of the Province might be changed to that of Nova Scotia. But the Council deferred action on the matter until they should learn the views of the Montreal merchants on the subject. The result was that the matter was dropped and the merchants were practically left to their own devices in carrying on business with a chronic scarcity of currency. In 1772 Acting Governor Cramahè, in a despatch to Hillsborough, describes the situation at that period. I give the despatch slightly condensed. In the spring of the present year there was brought into this Province from the neighbouring colonies, a considerable quantity of light Portugal gold in the expectation, it is thought, of making a considerable profit, every kind of gold coin passing current here up to that time by tale and not by weight. But, as many of them had been filed and sweated till they lacked from 5s. to 10s. they could not escape notice, and this, added to private advices received by some of the merchants, caused alarm and put a stop to their circulation, much to the detriment of the public. As in the neighbouring colonies it was customary in commerce to pass the half Johannes, weighing 9 dwt. at 8 dollars, it would have driven the only coin of which there is any quantity out of the country, if the old ordinance of 1764 were enforced, and people were compelled to receive and pay them at the rate mentioned there of 9 dwt. 3 grs. Further, it would have been unjust, when silver brought so high a price, to oblige them to receive the half Joes, weighing 9 dwts, for 8

dollars, when it was really worth considerably more. He, therefore, could not act, but determined to allow matters to take their course and encouraged the traders of Quebec to meet and arrange the matter to suit themselves.

After considerable discussion the merchants of Quebec agreed to take and pay the half Joes weighing 8 dwt. 20 grs. at 8 dollars, in the hope of retaining so much more circulating cash in the country, and they published their resolution in the *Quebec Gazette*. To this he and the other officials agreed. But the traders at Montreal refused to adopt this agreement, and adhered to the system of the other colonies of receiving them at 9 dwt., which they also published. This caused the Quebec merchants, on account of their extensive trade with that region, to come to their terms. Thus the half Joes of 9 dwt. pass for 8 dollars, with allowances for any lack of weight; confidence is restored and circulation is revived.

He must, however, observe that from the high price of silver, and owing to the constant importation from the neighbouring colonies of large quantities of rum, for which little else but hard cash is taken, the colony is likely to be drained of the little it now has of silver.

In replying to this, Dartmouth, who had succeeded Hillsborough, admitted that Cramahè had taken the only reasonable course under the circumstances. He admits further that the currency regulations of Quebec are in much need of revision, but says nothing can be done till the colony has some more permanent constitution. Until then the legal rating of the foreign coins must follow the statute of Queen Anne.

Accordingly we find no further changes proposed with reference to the currency until the passing of the Quebec Act and the recovery of the Province from the disturbances and invasion which followed it. Then the ordinance of 1777 was passed, in which, the colony of New York being in rebellion and its Montreal sympathizers in disfavour, the Quebec influence carried the day, and Halifax currency became the new standard of the colony. The rating of the dollar was changed from 6s. to 5s., and the other coins were rated in what was considered a fair proportion.

This ordinance has for its object to ascertain the value of the different coins usually passing in the Province, and to prevent them from being falsified or impaired. To accomplish the first purpose the following rates are established :—

COINS	WEIGHT	RATE		
	dw't. grs.	£	s.	d.
<i>Gold</i>				
The Johannes of Portugal.....	18 6	4	0	0
The Moïdore.....	6 20	1	10	0
The Doubloon, or four Pistole piece..	17 0	3	12	0
The Guinea.....	5 8	1	3	4
The Louis d'Or.....	5 3	1	2	6
Paying two pence one farthing for every grain of gold under weight.				
<i>Silver</i>				
The Spanish Dollar.....		5	0	
The British Crown.....		5	6	
The French Crown, or piece of six livres tournois.....		5	6	
The French piece of four livres ten sols tournois.....		4	2	
The British shilling.....		1	1	
The French piece of twenty-four sols tournois.....		1	1	
The Pistareen.....		1	0	
The French piece of thirty-six sols tournois.....		1	8	

All higher or lower denominations of these coins were to pass in due proportion, and at these rates they were to be a legal tender for all debts whatever.

The second object aimed at in the ordinance was sought to be attained by appointing penalties for the diminishing or impairing of any of the foreign coins circulating in the Province, the British coins being protected by Imperial statute. After prohibiting the making or importing of false or counterfeit copper money, it is enacted that no person shall be obliged to receive more than the value of 1s. in copper at any one payment.

With reference to the relative values assigned to the coins by this ordinance, several points may be noted. When, taken on the basis of intrinsic or bullion value, the Spanish dollar was rated at 5s. and the British crown at 5s. 6d. the latter was undervalued to the extent of 4d. currency, which was quite sufficient to drive it out of circulation. Again, the French crown being valued at 5s. 6d. was overrated as compared with the dollar. The French coin contained only 403 grains of fine

silver, whereas 5s. 6d. was represented by  $1\frac{1}{10}$  Spanish dollars containing 408.87 grs. fine. Hence French crowns were sure to gravitate towards, and remain in Canada to the exclusion of dollars. Further, according to the table,  $5\frac{1}{2}$  pistereens were legal tender for 5s. 6d. the value of the French crown. But  $5\frac{1}{2}$  pistereens contained only 380 grains of fine silver, while the French crown contained 403 grains, a difference of 23 grains, which would have been sufficient to drive out the French crowns had it not been for the conservative adherence of the French Canadians to their familiar coins. The French crowns, too, were many of them very much worn, and were thus in no special danger of being exported as bullion.

There was inequality in the gold coins also, which was further complicated by their being subject to sweating and clipping or filing where the margin between the full weight and the weight at which they were permitted to pass was at all considerable. The Quebec and Montreal merchants, being consulted on the subject of bringing the gold coin to a definite weight, were once more unable to agree. The Quebec merchants were in favor of plugging and stamping the current coins to establish their uniformity in weight. They also desired a lower weight standard for the guinea, 5 dwt. 6 grs., instead of 5 dwt. 8 grs. as then fixed, to encourage the King's coin to circulate in the country. But to these and other recommendations the Montreal merchants objected, preferring to leave matters as they were.

As a change in the constitution was again impending, the Government took no action in the meantime, hence the next attempts at official regulations were made under the representative Governments established in the two provinces into which Canada had been divided by the Constitutional Act of 1791.

The ratings of the standard coins by the ordinance of 1777 being very unequal, led to the practical exclusion of several coins from general circulation. But it was the scarcity of currency, a chronic complaint in Canada in times of peace, which suggested to the law-makers the need for a revision of the currency ordinance. On April 17th, 1795, a bill was introduced into the Lower Canadian Legislature to regulate the currency. A considerable discussion was called forth, but nothing definite

accomplished until the following session, when an Act was passed, 36 Geo. III, cap. 5, whose preamble gives expression to the prevailing view: "Whereas it will tend to prevent the diminution of the specie circulating in this Province, that the same be regulated according to a standard that shall not present an advantage by carrying it to the neighboring countries, and whereas, by the ordinance now in force for regulating the currency of this Province, an advantage does arise by carrying gold coin out of the same, be it therefore enacted, etc." The new ratings appointed are the following:—

Gold	COINS	WEIGHT dwt. grs.	RATE		
			£	s.	d.
	British guinea.....	5 6	1	3	4
	Johannes of Portugal .....	18 0	4	0	0
	Moidore .....	6 18	1	10	0
	Milled doubloon, or 4 pistole piece of Spain.....	17 0	3	14	0
	French louis d'or.coined before 1793..	5 4	1	2	6
	French pistole, coined before 1793..	4 4	18	0	
	American eagle.....	11 6	2	10	0
<b>Silver</b>					
	British crown.....		5	6	
	British shilling .....		1	1	
	Spanish milled dollar, equal to 4s. 6d. sterling .....		5	0	
	Spanish pistareen.....		1	0	
	French crown, coined before 1793 ..		5	6	
	French piece of 4 livres 10 sols tour- nois .....		4	2	
	French piece of 36 sols tournois ....		1	8	
	French piece of 24 sols tournois ....		1	1	
	American dollar .....		5	0	

In the case of the gold coins, for every grain over or under the standard of weight as given, 2½d. were to be allowed or deducted. After June 1st, 1797, in all payments exceeding £50 currency, at the option of either party to the payment, the gold should be weighed in bulk and a discount of two-thirds of a grain on each gold coin allowed to cover any loss that may accrue by paying away the same in detail. When so weighed, the gold coin of Britain, Portugal and America shall be computed at 89s. currency per oz., and that of Spain and France at 87s. currency per oz. The remainder of the act deals with counterfeiting, etc. A similar act, identical with that of Lower Canada in all essential respects, was passed by the Legislature of Upper Canada in the same year, 1796, thus maintaining a uniform rating in the two provinces.

In this act we observe that the Quebec merchants have secured their object in having the guinea accepted as full weight at 5 dwt. 6 grs. while retaining its value of £1 3s. 4d. The Johannes and moldores are also allowed at reduced weights, the former at 6 grs. and the latter at 2 grs. under the previous standard, while their values remain unchanged. The doubloon at the old standard of weight is raised 2s. in value. On the other hand, the French louis d'or is raised one grain in weight, while the French pistole and the American eagle are rated for the first time. Thus, on the whole, the act records a considerable effort to attract more gold coin to the country.

No attempt is made to remedy the inequalities in the ratings of the silver coins, which are continued at the same valuations as before. The new American dollar is added on the same footing as the Spanish dollar.

The French crown, being no longer coined, yet continuing to be considerably over-rated, out of deference to the prejudices of the French Canadians, continued to crowd out the other coins. Owing to the wear and mutilation it steadily diminished in value and continued to be for many years after this a constant source of difficulty in the trade of the country.

Meanwhile the practice of the Montreal merchants, still coloured by their New York connection, had extended to Upper Canada, whose loyalist settlers were mainly from the old colony of New York. Though the Halifax standard of 5s. to the dollar was the official and legal rating, yet the usages of the people in their dealings with one another tended to perpetuate the old New York rating of 8s. to the dollar, the basis of which was the Mexican real, eight of which made up the dollar. This rating was known in North America as the York shilling, which in later times was identified in visible shape with the British sixpence.

In the United States the new national decimal standard, with a definite coinage, was gradually taking the place of all other standards and coins, and as the new system was well maintained by the business men, the foreign coins, especially the light and defaced ones, began to find refuge in Canada. This was an evil which in the absence of any definite colonial currency it was almost impossible to avoid, and for some

considerable time the Canadians took no special pains to avoid it. Their chief anxiety still centred in the question as to the relative values of the gold coins. Hence in the Act of 1808 for the further regulating of the coinage, the only changes made were in the list of gold coins. The preamble stated that "by the Act now in force the relative values of the gold coins current in this Province is not accurately established." The ratings of the gold coins fixed by this act are as follows:—

Gold COINS	WEIGHT dwt. grs.	RATE		
		£	s.	d.
Guinea .....	5 6	1	3	4
Johannes .....	18 0	4	0	0
Moidore .....	6 18	1	10	0
Milled doubloon, or 4 pistole piece of Spain .....	17 0	3	14	6
French louis d'or, coined before 1793 .....	5 4	1	2	8
French pistole piece, coined before 1793 .....	4 4		18	3
American eagle .....	11 6	2	10	0

Here, it will be observed, the doubloon is increased in value by 6d., the louis d'or by 2d., and the French pistole by 3d. Other changes made by the act were: (1) The reduction of the limit of payment by weight from £50 to £20; (2) while retaining the weight for American, Portuguese and British gold coins at 89s. per oz., the rate for Spanish and French gold coins was raised from 87s. to 87½s. per oz.; (3) in the allowance on individual coins for every grain above or below the standard weight, Spanish and French gold coins were to be allowed 2½d. per grain instead of 2¼d. as before, and which is still retained for the others.

The following year, March 9th, 1809, the Legislature of Upper Canada passed an act altering and amending the previous act of 1796 for the regulation of the current coins "in order to equalize them to the current value of the like coins in the Province of Lower Canada." In this act the upper province simply follows the changes introduced in Lower Canada, still maintaining, thereby, a uniform rating in the two provinces.

During this period we find that the Imperial Government in its colonial military establishments still continued to keep its books and make its payments to the troops in accordance with the sterling standard. Yet the money employed in the Govern-



ment payments, even when imported from Britain, was not, as a rule, British money, but Spanish dollars rated, as we have seen, at 4s. 6d. However, in 1808 we find an official despatch stating that £100,000 in specie will soon be forwarded to Quebec and £102,664 to Nova Scotia, but "the Lords of the Treasury desire that general orders be published stating that the dollars will be issued to the army at 4s. 8d. sterling each." This meant a reduction of 2d. on the dollar from the soldier's pay. Doubtless it was intended to offset the virtual premium on specie in Britain, and the risks incurred in sending it abroad.

The employment of the army bills during the war of 1812-15, and their continued circulation for some time afterwards, relieved the usual anxiety as to the circulating medium. It was provided, however, in section 15 of the first Army Bill Act of 1st August, 1812, that "no person whatever shall export or otherwise carry out of this Province, any gold, silver, or copper coin of any description whatsoever, or any molten gold or silver in any shape or shapes whatever," on pain of having the whole seized and forfeited. This was not repealed until March 8th, 1817. As late as the end of September, 1816, an item in the *Montreal Herald* refers to the seizure of \$10,000 at St. John's going out of the Province to New York. The establishment of the first banks shortly afterwards, provided another paper currency to take the place of the army bills, among the English section of the people at least. But the French-Canadian habitant, who had looked with suspicion upon the army bills, continued to distrust the bank notes. Always using the livre as his money of account, he clung to the French coinage as part of those French Canadian institutions which he was taught to zealously guard against all encroachments on the part of British substitutes.

But after 1792 the old French coins circulating in Canada were no longer minted, hence there was no means of renewing the supply. In consequence, the French Canadians found it necessary, as the lesser of two evils, to legalize the circulation of the French coins struck after 1792. In 1819 the act 59th Geo. III, cap. I, was passed, in which it is stated that "it is expedient and necessary to provide that the gold and silver coins of France, coined since the year 1792, shall be made current and be deemed a legal tender in this Province."

The following coins are then specified with their ratings :—

	dwt. grs.	£	s.	d.
<i>Gold</i>				
Forty francs piece.....	8 6	1	16	2
Twenty francs piece.....	4 3		18	1
<i>Silver</i>				
Piece of six livres.....			5	6
Piece of five francs tournois .....			4	8

And all the higher and lower denominations of the said gold and silver coins shall also pass current and be deemed a legal tender in payment of all debts and demands whatsoever in the Province.

The provisions of this act were not adopted in Upper Canada, where, therefore, the new French coins were not legal tender.

In Upper Canada the practice of keeping accounts and doing business in York currency, already referred to, had caused considerable difficulty in the courts. York currency, though having no standing in the eyes of the law, had, nevertheless, to be dealt with as an existing commercial fact. To definitely terminate this confusion, an act to establish a uniform currency throughout the Province was passed in Upper Canada in 1821, 2nd Geo. IV, cap. 13. The preamble states that "the several gold and silver coins current in this Province have respectively a nominal legal value in pounds, shillings, and pence, bearing the relative proportion of ten to nine, to the sterling money of account in the United Kingdom of Great Britain and Ireland, nevertheless in some parts of this Province, accounts continue to be kept and contracts to be made in New York currency, estimating the Spanish milled dollar at eight shillings, bearing to sterling money of account the proportion of sixteen to nine, which diversity must necessarily occasion great and manifest confusion." It is provided that after July 1st, 1822, no interest shall be demandable on any bond, note, or other instrument made after that date in this Province, in which the penalty or sum payable shall be expressed in New York currency. Nor will any costs be allowed in actions brought thereon. After the same date no rendering of accounts shall be deemed a demand, or acknowledgment thereof given in evidence, unless it shall have been rendered in Provincial currency. The same applies to shop books presented in evidence. To make these provisions

known to the people at large, the act was to be read in Court on the first day of the four next Courts of General Quarter Sessions.

The next important event in the history of Canadian currency is the attempt made by the British Government in 1825 to introduce the British currency standard and the British silver coins into all the colonies. But this brings us into a new exchange era for both currency and banking.

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