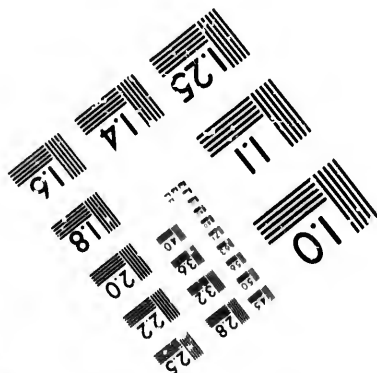
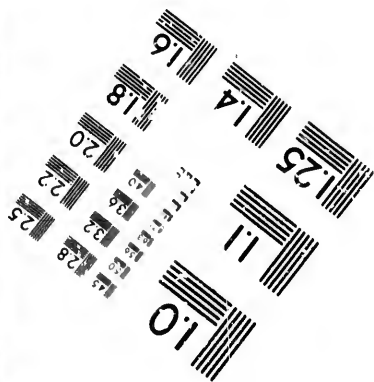
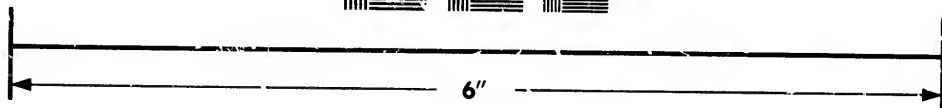
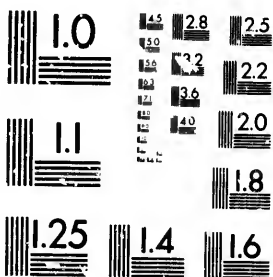


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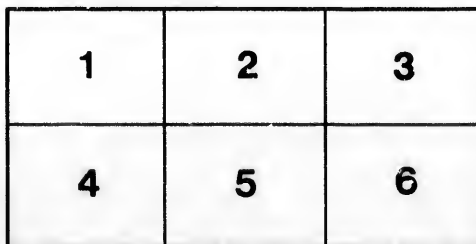
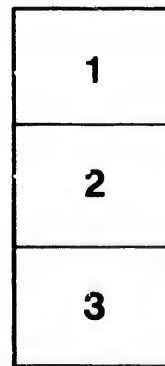
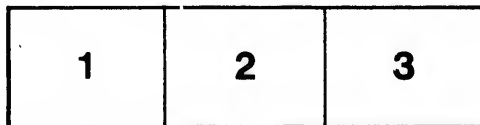
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THE
CURRENCY OF CANADA

AFTER THE CAPITULATION,

BY

JAMES STEVENSON, President,

LITERARY AND HISTORICAL SOCIETY OF QUEBEC.

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THE
CURRENCY OF CANADA

AFTER THE CAPITULATION,

BY

JAMES STEVENSON, PRESIDENT.

—§—

You may probably recollect what I stated on a former occasion, when I had the pleasure of addressing the Society, that the currency of Canada could be divided into three sections; the currency during the French Régime; the currency from the capitulation to the year 1818, when Banks were first established in the colony; and the currency from that time to the present day. I have already discussed the first section, I propose now to deal with the second.

At the conclusion of my last lecture I alluded to a copy, which I presented to the Society, of an important State paper providing for the final settlement of all outstanding card money, ordonnances, and protested Bills of Exchange, as agreed upon "between the King of Great Britain and the most Christian King." At the Treasury in Paris the settlements appear to have been partly made, for in the *Gazette* of the 23rd May, 1766, we find the following information: "Yesterday, at Garraway's Coffee House, London, a large sum of Canada stock, the produce of Canada paper money, was sold by auction, by Mr. James Demettes, and sold on an average at seventy-four per cent—which carries four and a half per cent." That is, the Bonds given on the footing

of fifty per centum for Bills of Exchange, and seventy four per centum for cards and ordonnances were sold at seventy four per cent, or twenty six per cent discount. Reduction in price succeeded reduction till, as we shall see presently, the Bonds became quite worthless.

There was much delay and difficulty at the Treasury in France, in obtaining the settlement of the Canada Bills, in accordance with the terms of the "Convention;" consequently we read—June 3rd, 1766: "It is reported that Canada Bills lately had a considerable fall in Paris; and further on—June 23rd, 1766: "The Earl of Rochford will be furnished with a spirited memorial to the Court of France, with regard to the payment of the Canada Bills, before his departure for his embassy to that Kingdom." Then, in consequence, I presume, of this spirited memorial—July 31st, 1766: "Last night's London *Gazette* contains the following intelligence addressed to the British proprietors of Canada paper:" "By a convention signed on the 29th March last, by the respective Courts of France and Great Britain, which fixes the 1st of October next to be the last day of receiving declarations, and taking proofs on them, at which period the French Commissioner is obliged to close his Register, he therefore thinks it incumbent on him to give this notice to the said proprietors, that they may not delay too long to make their declarations and provide the several proofs before the expiration of the above 1st of October, that they may not plead ignorance and complain when it is too late, of not having had sufficient notice" But later on, viz: June 3rd, 1771, we find it announced: "France has at length effected the great stroke of politics she has long been aiming at: the Government is become bankrupt, and the whole score of State debts is rubbed out." In fact the financial affairs of the nation were in a state of chaos; and the "Monarchy was rapidly drifting towards the thunders of the revolutionary Cataract."

In discussing the questions of currency of any particular period it may not be uninteresting to glance at the state of trade. I have been fortunate in finding an authentic statement showing the value of the Imports and Exports of several of the latter years of French rule in Canada.* I shall not burden your patience by entering into details: suffice to state that, the average annual Imports of 1749, 1750, 1751, 1752, 1753, 1754 and 1755, amounted to the equivalent of £210,000 Sterling; and the average annual Exports of those years to £60,000 Sterling. With the balance of trade so heavily against Canada, we are called upon to enquire how it was settled?

* IMPORTS			
	£	Livres Tournois.	Livres Tournois.
1749.....	£227,282	— 5,682,090	1,414,900 EXPORTS. 4,267,190 difference.
			<u>5,682,090</u> Livres Tournois.
1750.....	£206,194	— 5,154,861	1,337,000 EXPORTS. 3,817,861 difference.
			<u>5,154,861</u> Livres Tournois.
1751.....	£177,580	— 4,439,490	1,515,932 EXPORTS. 2,923,558 difference.
			<u>4,439,490</u> Livres Tournois.
1752.....	£241,913	— 6,047,820	1,554,400 EXPORTS. 4,493,420 difference.
			<u>6,047,820</u> Livres Tournois.
1753.....	£207,829	— 5,195,733	1,706,130 EXPORTS. 3,489,603 difference.
			<u>5,195,733</u> Livres Tournois.
1754.....	£205,905	— 5,147,621	1,576,616 EXPORTS. 3,571,005 difference.
			<u>5,147,621</u> Livres Tournois.
1755.....	£208,131	— 5,203,272	1,515,730 EXPORTS. 3,687,542 difference.
			<u>5,203,272</u> Livres Tournois.

A manuscript copy of a contemporary State paper, in the Department of Marine in Paris, contains the following passage in relation to the balance of trade: "En même tems que le prix des articles de l'importation augmente, celui des pelleteries et des autres objets de l'exportation diminue, et par conséquent il n'y a plus de poids dans un des côtés de la balance. Les dépenses extraordinaires que le Roy fait alors, et dont une partie est indispensable, viennent encore au secours de ce défaut de l'exportation ; d'où il suit qu'en paix, comme en guerre, les dépenses que le Roy fait en Canada sont nécessaires au commerce de ce pays, de la façon dont il est aujourd'hui gouverné." And further on : " On sait aujourd'hui le tarif des dépenses que le Roy fait annuellement dans cette Colonie. en tems de paix. Supposons-le de cinq millions, et que le Roy veuille le continuer sur ce pied." We may therefore fairly infer that Treasury Bills constituted, as they really did, a considerable portion of the remittances required for Europe. I have not found a list of the various goods imported ; but, after the inglorious victory which the Civil Government obtained over the church in her struggle to prevent the importation of Rum, we may safely assign one-tenth of the whole value to that article.

By the year 1761, French domination existed no longer in any part of Canada. A warrant dated 7th April, 1762 issued from "Whitehall Treasury Chambers," appointing Custom House Officers for "Canada, lately reduced by His Majesty's arms," viz :

" Thomas Knox, to be Collector at Quebec, at a yearly salary of.....	£300 Sterling.
Thomas Ainslie, to be comptroller, at a yearly salary of.....	£200 "
Edward Manwaring and William Lee, to be Waiters and Searchers at Quebec, at a yearly salary each of	£100 "

Thomas Lambe, to be Surveyor at Montreal,
 at a yearly salary of.....£200. Sterling,
 Richard Oakes, to be Waiter and Searcher
 there, at a yearly salary of.....£100 " "

The warrant bears the signature of :

HOLLES NEWCASTLE,
 BARRINGTON,
 JAMES OSWALD.

The preliminaries of peace were signed at Fontainebleau, November 3rd, 1762; and a definite treaty was concluded in Paris, on the 10th February following—by which France ceded to Great Britain, along with other territories, Canada and all the Laurentian Isles, except St. Pierre and Miquelon, reserved on behalf of the French fisheries.

By the kindness of my friend, Mr. John Stewart, of this city, I am enabled to give the value of the exports of Furs alone, as estimated by the Revenue Officers, for the following years, viz.: 1764—£57,613; 1765—£61,921; 1766—£69,560; 1767—£68,586; 1768—£80,357 sterling. And the exports of Furs and other goods for the following years:

1769—Furs alone.....	£107,746	
No Wheat.		
Staves, Potash, Fish.....	29,352	
		£137,098 Sterling.
1770—Furs.....	£92,156	
Wheat.....	9,930	
Other articles.....	19,139	
		121,225 "
1771—Furs.....	84,801	
Wheat.....	34,761	
Other articles.....	22,297	
		141,859 "
1772—Furs.....	£104,832	
Wheat.....	32,168	
Other articles.....	21,427	
		158,427 "
1773—Furs.....	£79,078	
Wheat.....	72,983	
Other Articles.....	26,255	
		178,316 "

On the other hand, the Imports for the same years were as follows :

1769—Rum	£23,895		
Pork	8,640		
Flour	27,339		
Groceries, &c.....	16,357		
European Dry Goods.....	80,000		
		<hr/>	£156,261 Sterling.
1770—Rum.....	£21,421		
Red Wines.....	10,200		
Flour	8,394		
Groceries, &c.....	11,772		
European Dry Goods, not given, but estimated at the value of.....	90,000		
		<hr/>	141,787 “
1771—Rum.....	£20,199		
Wines.....	5,740		
No Provisions.			
Groceries, Salt, &c.....	19,352		
European Dry Goods, not given, but estimated at	100,000		
		<hr/>	145,291 “
1772—Rum.....	£26,151		
Wines.....	3,500		
No Provisions.			
Molassas, Salt, Groceries.....	12,956		
European Dry Goods given.....	125,000		
		<hr/>	168,607 “
1773—Rum.....	£33,828		
Wine.....	15,119		
Pork.....	5,000		
Groceries, &c.....	13,468		
European Dry Goods, estimated.....	130,030		
		<hr/>	197,406 “

It may appear remarkable that there should have been such a falling off in the imports, as compared with those under the French Régime; but we know that the colony in Canada, consisting of about 70,000 souls, could not have existed without large contributions of the necessaries of life from France; that the French colonial policy was such as to debar all hope of success in rendering the colony self-sustaining. The effects of a change of Government are manifest in the facts of trade which I have just cited.

At first the French Canadians complained that the goods imported from England were dearer than those they formerly had from France; and the inhabitants of towns grumbled at a change of policy which left the country people at liberty to dispose of their produce in the market place, at the highest price it would fetch; whereas, under the old Régime, the price of all farm produce was limited by a decree of the Intendant. But the new subjects, as the French Canadians were then called, became reconciled to many changes of a salutary nature, which were introduced after the conquest. Of simple tastes and thrifty habits, they were fairly prosperous under British rule. They admired the enterprising spirit of our Merchants which, although actuated and stimulated, perhaps, by the desire for gain, plays nevertheless an important part in the general history of civilization and of human progress.

I shall not pause to look on the reverse side of the shield — to consider the consequences which followed the annual exchange of over three thousand puncheons of Rum for the precious products of field and forest. The baleful effects of this traffic are all of record in the published transactions and manuscripts of our Society, which may be consulted by those who feel desirous of making themselves further acquainted with the subject.

Contentment appears to have reigned throughout the whole period of the administration of Guy Carleton. He possessed all the qualities which constitute an able military Governor. In the hour of danger he inspired the people with confidence by his own calm courage; at other times, he was ready to redress grievances, and to listen patiently to all that was said to him — testifying by his whole conduct how desirous he was of cultivating friendly relations with all — irrespective of creed, race, or nationality. We are not left without proof of his popularity: in the Poet's corner of the *Gazette* we frequently find such lines as the following:

AU GÉNÉRAL GUY CARLETON.

“ En toi, nous admirons la vertu, la sagesse,
La sévère équité, la douceur, la noblesse,
Pour tout dire en un mot, nous admirons en toi
Et le bonheur du peuple, et le bon choix du Roi.”

The British inhabitants, in like manner, manifested the most friendly feelings towards their fellow subjects of French descent. The following paragraph appears in an address of the Protestant Clergy of Quebec, dated 17th November, 1768: “The mild and equal tenor of your Excellency’s administration whilst Lieutenant Governor, so consonant to that liberal spirit and those principles of moderation which ever distinguish the Briton and the Protestant, gives us the strongest reason to flatter ourselves that the harmony which has hitherto subsisted between His Majesty’s old and new subjects in this Province, notwithstanding the difference of their religious opinions, will not only continue without interruption, but even be improved into a cordial and lasting affection towards each other, to the advancement of true religion, establishment of the civil happiness of the subjects of this Province, and uniting all in the same sentiments of loyalty to His Majesty and attachment to his worthy representative.” An expression in the merchants’ address of the same date is equally pleasing: “The arrangements which it may be proper to make in tenderness and justice to the more antient inhabitants of Canada, as we cordially unite with them in interest and affection.”

In looking back on the past it is pleasant to come across instances of kindly feeling, and practical good sense prevailing over national antipathies and dissensions which frequently arise from diversity of opinion in matters of faith and ceremony.

Every effort was made by the Imperial authorities, as well as by all good citizens of British descent, to render

the change of allegiance as little painful to the feelings of the first settlers on the soil as possible. Serious difficulties had of course to be overcome, in consequence of the difference of laws, language and religion; but there were minor difficulties too which had to be dealt with, not the least of which was the heterogeneous circulation of the Colony. In the absence of a colonial coinage, the coins of several nations, Spanish, Portuguese, French and German, circulated simultaneously with the Gold and Silver currency of England, of which considerable sums were imported in ships of war. Importations of Mexican dollars were also made, for we read under "Maritime News, November 1st, 1764, Monday last, arrived here the sloop "Lovey," Captain Skevenink, from New York, with 20,000 dollars for the use of the army." With such a variety of coins in circulation, the authorities felt called upon to take immediate steps to regulate their price, and constitute them legal tender at certain fixed rates. It was therefore enacted, under the administration of General Murray, that from and after the 1st of January, 1765, the following Coins shall pass current at the several rates named :

NAMES OF COINS.	WEIGHING.	CANADA CURRENCY.		
		£	s.	d.
GOLD COINS.				
The Johannes of Portugal.....	18 Dwts. 6 Grs.	4	16	0
Moydore.....	6 " 18 "	1	16	0
Caroline of Germany.....	5 " 17 "	1	10	0
Guinea.....	5 " 4 "	1	8	0
Louis d'or.....	5 " 3 "	1	8	0
Spanish and French Pistole.....	4 " 4 "	1	1	6
SILVER COINS.				
Seville Mexican Pillar Dollar.....	17 " 12 "	0	6	0
French Crown or 6 Liv. piece.....	19 " 4 "	0	6	8
French piece passing at present at 4s. 6d. Halifax.....	15 " 16 "	0	5	6
British shilling.....	.....	0	1	4
Pistereen.....	.....	0	1	2
French nine-penny piece.....	.....	0	1	0
COPPER.				
20 British Coppers, (half-pence I presume).....	.....	0	1	0

And all the higher or lower denominations of the said Gold and Silver coins, to pass current likewise in their due proportions; and from and after the first day of January, 1765, the above species of coins, or any of them, according to the above rates, shall be deemed a legal tender in payment of all debts and contracts that have or shall be made within the Province where there is no special agreement to the contrary, and that in all agreements, prior to, or since the conquest, which have been made in livres, according to the method of computation in use, the livre shall be estimated equal to one shilling of the currency hereby established, the dollar to be equal to six livres or six shillings, and in the same proportion for every Coin herein specified ”

It was held, and held rightly, that in a British Colony the French monetary nomenclature should be changed, and that one more familiar to English ears should be substituted—if possible without creating any serious difficulties, disturbance of accounts, or change in the commitments of merchants. This was accomplished, as we have seen above, by assimilating the livre to a shilling currency of Canada, and constituting the latter like the former an integer or mere money of account—but with a specie basis: the French Crown weighing 13 Dwts. 4 grs. Troy, being 6s. 8d, it follows, the livre or the shilling represents 2 Dwts. 21 grs. Silver; and inasmuch as the guinea, weighing 5 Dwts. 4 grs. is equal to 28s., each shilling or livre represents 4.43 grs. Gold, of the fineness of 22 carats.

The coins specified in the ordinance were received at the Custom House in payment of duties—but the duties imposed being sterling money, the Gold Coins referred to, were received at the value they bore in England, and for no more; while the Silver Coins were received by weight at the rate of five shillings and sixpence sterling per ounce Troy. This ordinance, made on the 14th September, 1764, was followed by another, under the same administration,

dated 15th May, 1765, which provides : 1st, that all merchants' accounts for goods and merchandise, or other things whatsoever, sold and delivered, Agreements, Bills, Promissory Notes, Bonds, Mortgages, or other securities for money, leases, and all interest and rents thereby respectively reserved and made payable, commencing, made and entered into this Province before the first day of January last, shall respectively be paid, certified and discharged in the species and denominations of money in the said ordinance mentioned as shall be in value and proportion to the species or denomination of money of such respective outstanding debts, dues, and demands aforesaid.

2nd. And further, that all original entries and all accounts whatever for goods and merchandise, or other things sold and delivered, agreements, Bills, Promissory Notes, Bonds, Mortgages and other securities for money, leases, and all interests, and rents thereby reserved, to be kept, made, and entered into after the first day of July next, shall be kept, made, and entered into for and in the different rates and value of the currency of this Province, established by the said ordinance, and in no other currency whatsoever : and all and every original entries, accounts, agreements, Bills, 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 hereof, and of the said ordinance, shall not be admitted as evidence in any court of law or equity, but shall be deemed, adjudged and taken, and are hereby declared to be null and void."

The first clause of this ordinance does not appear to have been objectionable ; but the practical working of the second was beset with difficulties, and was consequently repealed under another ordinance made during the administration of Governor Carleton, dated 5th April, 1768, which

is as follows: "Whereas it has been found by experience that a certain clause, in a certain "ordinance" made by the Governor and Council, on the 15th day of May, 1765, does not answer the purpose for which it was intended, but hath occasioned divers 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—it is therefore ordained and declared that the second clause above cited of the aforesaid ordinance shall be, from the date of the publication hereof, totally void and of no effect. Provided, nevertheless, that nothing herein contained shall invalidate or in any degree affect any other part of the aforesaid ordinance, excepting the clause above cited."

During the eighteenth century, and well into the nineteenth, silver was principally used in the settlement of balances in all the Colonies of European States. The mines of South America yielded large returns of this precious metal; and a comparatively small proportion of Gold *

* The following is a registered export of Bullion to Spain from the 1st of January, 1754, to 31st December, 1761:

	GOLD.	SILVER.
From Vera Cruz	\$ 3,151,354.....	\$85,899,307
Lima	10,942,846.....	24,868,745
Buenos Ayres	2,142,626.....	10,326,090
Carthagena	10,045,188.....	1,702,174
Honduras.....	37,254.....	677,444
Caracas.....	50,034.....	267,002
Havannah	656,064.....	2,639,408
St. Domingo }	526.....	317,521
Porto Rico }		
	\$27,025,892	
Maracibo		91,564
To other Countries.....		8,652,720
		\$135,441,975
Gold		27,025,892
		\$162,467,867
Showing an annual export of.....		\$14,769,800

The Spanish dollar, based on careful assays, was found to be equivalent to 4s. 6d. Sterling, so that the above Total would represent £36,103,948 Sterling.

On the 19th of April, 1775, the first blow was struck in Massachusetts in the cause of American independence. The prospects of civil life in Canada were darkened by the shadow of war. In that same year the Province was invaded, and American troops occupied nearly every important place in the Province. The most distinguished Generals of the Continental army were ordered to complete the conquest of Canada by the capture of Quebec. The thrilling and all absorbing subject of interest was the coming conflict under our walls. But it is not my intention to repeat the story of the siege, and to tell how the brave defenders beat back their assailants, and decided the fate of the colony. I have only to state, what is perhaps sufficiently obvious, that, while the wave of war rolled over the country, trade, agriculture, and all the arts of peace were abandoned, and the whole energy of the loyal population was concentrated on their own defence.

It was not till the spring of 1777, when Canada was comparatively free from all apprehension of invasion, that Commercial matters received renewed attention. Importations from England, and Exports from Canada, were both on the increase. Engagements were entered into with Merchants in Europe, the West Indies, the Upper and Lower parts of the Province—engagements which were frequently broken—therefore in the interest of trade and in furtherance of the ends of justice, it became necessary to establish a basis for a settlement of claims arising out of the non-fulfilment of contracts or engagements: hence we have an ordinance for ascertaining damages on protested Bills of Exchange. This ordinance bears date the 4th March, 1777, and provides that Bills drawn on Europe or the West Indies, are, in case of protest and return, made subject to ten per cent Damages, and Interest at the rate of six per cent. upon the principal sums furnished in the Province, from the day of the date of the Protest to the

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time of repayment, which shall be reimbursed to the holder of the Bill, at the par of Exchange—that is to say, one hundred and eleven pounds, and one ninth of a pound currency for every one hundred pounds sterling.

Bills drawn on any colony in the Continent, returned protested, are to be subject to four per cent. damages, and interest at the rate of six per cent per annum to the time of repayment. Bills, orders or notes protested within the Province to bear interest, at the rate of six per cent. per annum till paid. And if drawn on places beyond the Longue Sault on the Ottawa, or beyond Oswegatchie, or below Cape Cat, or the Seven Islands, four per cent damages and interest as provided.

The ordinance concludes with a stringent prohibition against any excess of the legal rate of interest, viz: six per cent. being taken directly or indirectly; and every person who shall—shall forfeit and lose for every such offence treble the value of the money, wares or merchandise—to be recovered by an action in the Common Pleas—a moiety of which forfeiture shall be to His Majesty, and the other moiety to him, her or them, who will sue for the same. We have likewise an ordinance, dated the 29th day of March, 1777, which provides that the following species of Coins shall pass current, throughout this Province, at and after the rates hereinafter mentioned:

NAMES OF COINS.	TROY.		CANADA CURRENCY.		
	Dwts.	Grs.	£	s.	d.
GOLD.					
The Johannes of Portugal.....	18	6	4	0	0
Moidore	6	20	1	10	0
Dabloon or four Pistole piece.....	17	0	3	12	0
The Guinea.....	5	8	1	3	4
Louis d'or	5	3	1	2	6
Paying 2½d. for every grain of Gold short weight.					
SILVER.					
The Spanish dollar.....			0	5	0
British Crown.....			0	5	6
French Crown or piece of 6 livres Tournois			0	5	6
French piece of 4 livres 10 sols.....			0	4	2
British Shilling.....			0	1	1
French piece of 24 sols Tournois.....			0	1	1
Pistreen.....			0	1	0
French piece of 36 sols Tournois.....			0	1	3

And all the higher or lower denominations of silver coins shall pass current in their due proportions. And the said species of coins, or any of them at the same rates, shall be deemed a legal tender in payment of all debts whatever. Then follows the clause fixing the penalty for clipping or diminishing the coins, viz : £100 for every offence. This is the Statute of 1777, which is generally supposed to have been the first relating to currency in Canada.

It has to be borne in mind that silver ceased to be a legal tender in England in 1774—that is in sums over twenty-five pounds, excepting at the rate of 5s. 2d. per ounce; although it was not until 1816 that gold was adopted as the sole standard, and silver coins were made tokens only, by

coining the same weight into 66s., which had ever since the year 1666 been coined into 62s *

We have therefore a new money or integer of account, still however with a specie basis, but the shilling which formerly represented, under the ordinance of 1765, 2 dwts. 21 grs. Silver, or 4.43 grs. Gold of the fineness of 22 carats, represents 3 dwts. 12 grs. of Silver, or 5.48 grs. Gold of the above fineness. The term *livre* now ceases, that of shilling is perpetuated; and the Dollar is established as a fixed standard to which all commercial values are referred.

Judging from contemporary accounts, business in the colony was prosperous at this period of our history; still the notices of Bankruptcy and declarations of dividends, which we meet with in the pages of old *Gazettes*, testify to occasional misfortune among those who were exposed to the vicissitudes of trade in these primitive times—as an illustration: “Mr. Alsopp, begs the favor of the Creditors of Claude Hugnet, dit la Tour, to meet at his house, at 10 o'clock on Saturday morning, the 5th November, (1777,) to bring with them their accompts, proved before a magistrate, in order to receive their dividend, which he believes will be 16s. in the pound. And he adds, rather quaintly, with reference to another, though a minor debtor: “The Gentleman who borrowed of Mr. Alsopp the second volume of Smollet's History of England, last winter, and has forgotten to return it, must be aware that, without it, the rest of the set is of very little value.”

Although the city of Quebec possessed all the honors and advantages to which it was entitled as the capital of Canada, Montreal became, commercially, the most prosperous of the two Cities. Situated at the head of navigation,

* Old Colonial Currency, by S. E. Dawson.

and at the foot of all the channels of communication with the upper country, the lion's share of the growing trade with the West fell to the merchants of Montreal. As their commerce increased, greater financial facilities, than existing arrangements afforded, were called for: in short, they wanted a Bank to enable them to carry on the operations of trade conveniently and successfully. It is not therefore surprising to find that merchants in Montreal took the initiative in proposing to establish the business of Banking in the Colony. On the 18th of October, 1792, a circular on the subject appeared in the columns of the *Official Gazette*. As it refers to the currency of the country, I take leave to quote from it. No other document that I have come across in the annals of the times, conveys a more correct account of the state of the circulation.

“The undersigned, having experienced great inconvenience in Canada from the deficiency of specie or some other medium to represent the increasing circulation of the Country, as well as from the variety of the money now current, and knowing the frequent loss and general difficulty attending receipts and payments, have formed the resolution of establishing a Bank at Montreal, under the name of the “Canada Banking Company.”

“The business proposed by the Company, and usually done by similar establishments, is :

To receive deposits in cash.

To issue notes in exchange for such deposits.

To discount Bills and notes of hand.

To facilitate business by keeping Cash accounts with those who choose to employ the medium of the Bank in their receipts and payments.”

“It is proposed to extend the operations of the Bank to every part of the two Provinces where an agent may be

judged necessary; and it is presumed that the Institution will be particularly beneficial to the commerce of and intercourse with the Upper Province."

The circular was signed by: Phyn, Ellice & Inglis; Todd, McGill & Co.; and Forsyth, Richardson & Co. The population of all Canada numbered then about 200,000 souls; and doubtless, not only Merchants engaged in extensive trade, but the people generally were suffering inconvenience from an insufficiency of currency to carry on the daily transactions of common life. If the firms referred to had succeeded in realizing their intentions, much benefit would unquestionably have accrued to the Province from a monetary institution, under the control of men of such a high standard of personal honor; but they succeeded in forming a private Bank only—chiefly of Deposit, not of Issue. The unsettled state of Europe, political apprehensions, combined with the actual obstructions of war, no doubt prevented the establishment of a regular Bank of Issue and Deposit. The scheme in its integrity appears to have been abandoned, and the field for circulation was left open to future enterprise, fortunately perhaps—for at a critical period in our history, later on, Government found themselves in a position to supply a trustworthy substitute for a metallic Currency, by the aid of which, our forces were kept in the field, and our gun-boats on the Lakes, to repel invasion, and save the colony a second time from the fangs of the neighboring Republic.

In the thirty-first year of the reign of King George the Third (1791,) all Canada, (then called the Province of Quebec,) was divided into two Provinces, with the designations of Upper and Lower Canada.—thenceforth, with a short interruption, to enjoy the privileges and advantages of constitutional Government. Each Province had a Legislative Council, that of Upper Canada consisting of seven mem

bers, that of Lower Canada of fifteen. These members were not elective, but were summoned to the Council, as our Dominion Senators are now, by the Chief Magistrate, to serve for life. The popular Branch, the elective Assembly for the Upper Province, consisted of sixteen members, that of the Lower of fifty. The King's Honourable Executive Council for the Lower Province was composed of nine members—the Executive Council of Upper Canada consisting of seven.

We now leave the smooth waters of Government by a Governor and Council of State, to steer our course as best we may among the broken seas of party politics.

In December, 1791, there are signs of an approaching election in Lower Canada. Committees meet to confer and arrange for the return of rival candidates; addresses appear in the *Gazette* of May, 1792; writs of election issue on the 24th, returnable on the 10th of July; and Parliament is called together for the actual transaction of public affairs, or as it is termed, in official parlance, "for the despatch of business," on the 17th December, 1792.

"But the first Parliament in Canada was held in Upper Canada—at the capital Newark, now Niagara. It assembled on the 17th September, 1792, in a marquee tent—one remove in the scale of ascending civilization from the aboriginal Council lodge. Parliament was opened by General Simcoe, the first Lieutenant-Governor under the constitution. His residence at the capital was a log building, of some pretensions among log dwellings. There he entertained, in 1793, His Royal Highness the Duke of Kent, father of our beloved Queen. It is recorded that if the lodging was indifferent, the fare was good, consisting of game and all the dainties the wilderness, rivers and lakes could produce."

"His Royal Highness had been conveyed to Niagara in the King's schooner "Mohawk," commanded by Commodore Bouchette,"—the grandfather of our esteemed Vice-President, Mr. R. S. M. Bouchette. "On landing, as soon as horses with saddles and bridles could be mustered, the Royal party wended their way by the river road, recently opened by the troops. The road to the cataract was an Indian path through the woods; and an Indian ladder, which consists of a succession of pine trees with the branches lopped short as a foot hold, led down for 160 feet, to the foot of the Fall. Down this hazardous descent, in despite of all expostulation, His Royal Highness resolved to venture, and, with the nerve and physical strength of his race, accomplished it successfully—returned with a capital appetite, and in a log hut, on the quivering brink of the abyss, with the flush of exhilarating exercise on his cheek, and the perfume of the pine branches on his hands and garments, partook of the rude cheer of the forest, in full front of the Falls, within sight and sound of the grandest spectacle that ever greeted Royal eye. *"

Parliament assembled in Lower Canada, three months later, in the Bishop's Chapel, which stood upon the site of the central part of the present Parliament House. No doubt His Royal Highness, who was then in Quebec, attended the opening of the House; for he took a warm interest in the fate of our nascent Constitution. He was present at a rather animated election at Charlebourg. In his speech on the occasion he says: "Is there a man among you who does not look upon the new Constitution as the best possible one, both for the subject and the Government."

In the absence of Lord Dorchester, General Clark opened the Parliament of the Lower Province on the appointed

* Colonel Coffin—"The war of 1812 and its moral,"

day; and on the 20th December he approved of the choice the Assembly had made of a Speaker.

The proceedings of the first session were unimportant as regards commerce. An Act was passed to allow of the importation of wampum from the neighbouring States—the only Act relating to trade. More important business however was despatched during the second session of Parliament, which commenced on the 11th November, 1793. An Act was then passed to facilitate the negotiation of Promissory Notes, the provisions of which are yet in force. They refer to the transfer by endorsement; to the liability of the maker, without protest, in the event of non-payment at maturity; to due diligence, and the needful notice and service of protest, in case of non-payment, in order to hold an Endorser—a measure which was called for in the interest of trade and commerce.

The prosperity of the Colony during the last years of the century was chequered by several indifferent harvests. In 1795 there was a general failure of the crops throughout the Provinces. Lord Dorchester was then induced to wholly prohibit the exportation of all kinds of grain, flour, &c. a measure which although it received the subsequent sanction of the Legislature, was as little based on principles of justice, as the decree of the Intendant, under the old Régime, limiting the price of produce on the market place. In the case of the late famine in India, many advocated a similar policy in regard to the exportion of rice; but that policy was successfully opposed as unsound in principle, and an unjustifiable interference with the liberty of trade, and the liberty of the subject.

Meanwhile there had been little change, little improvement, and scarcely any augmentation to the circulating medium of the Colony—the scarcity of which gave rise to a system of barter, stiyed store-pay, prejudicial alike to the

interests of the labouring classes and the agriculturists. The currency question continued to be discussed, but with little practical advantage to the public. The silver coins of all nations, and some gold, continued to circulate as formerly; but the gold coins, whenever they could be procured, were secured for shipment abroad in the settlement of debts. The efflux of gold did not proceed from any variation in the volume or value, as between the precious metals Gold and Silver; for the relation of the two had not been disturbed by any extraordinary production of either for at least a century past, but had remained stationary since the year 1717.* It was the defaced, diminished condition of the Silver coins in circulation which rendered them useless as a remittance abroad—excepting as bullion at the rate of 5s. 2d. per ounce of Standard fineness: still in the ordinary transactions of daily life, they passed current at a nominal value far an excess of their intrinsic worth. “The general law that, inferior coins will, if allowed to pass concurrently with the superior, entirely usurp their places,” was practically verified in Canada at this period of her history.

During the session of 1795, there were serious debates in both Houses of Parliament on the unsatisfactory state of the Currency, and after protracted discussion, the ordinance of 1777, fixing the value of certain coins, was repealed, and the following statute was passed, viz: “An Act to prevent the diminution of the specie circulating in this Province, that the same may be regulated according to a standard that shall not present an advantage by carrying it to neighbour-

* In 1544 1 lb. weight of Gold was equal to.....	12.475	Silver.
1509	do	.....11.400 do
1600	do	.....11.100 do
1717	do	.....15.200 do
1816	do	.....15.200 do
1863	do	.....15.069 do

ing 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 that the Gold and Silver coins hereafter mentioned shall pass current and be deemed a legal tender in payment of all debts and demands whatsoever in this Province at the weights and rates following, that is to say :

The British guinea	5 Dwts. 6 grs	.....£1	3s.	4d.
The Johannes of Portugal.....	13	"	..... 4	0 0
The Moldore of Portugal.....	6	" 18 "	..... 1	10 0
The Four Pistole Piece of Spain, weighing.....	17	"	..... 3	14 0
The French Louis d'or coined before 1793, Weighing 5	"	4 "	..... 0	18 0
The American Eagle.	11	" 6 "	..... 2	10 0

and so in proportion for each denomination higher or lower of those moneys. Every grain above and every grain below the weight shall be allowed for at the rate of 2½d. currency. After the 1st of June, 1797, payments above £50 shall be made in Gold coins; the gold may be weighed in bulk—that is to say, the Gold coins of Great Britain, Portugal and America together, which shall be current at the rate of 89s. currency per ounce Troy: those of Spain and of France shall be weighed together, and shall pass current at the rate of 87s. per ounce Troy; and there shall be a reduction of two-thirds of a grain on every piece so weighed in bulk, as compensation for the loss which would result from payments in tale."

" With regard to silver, the American dollar shall pass current at five shillings currency, and every other coin current in the Province as already provided for." A similar Act was passed by the Parliament of Upper Canada, on the 3rd June, 1796.

According to the foregoing statute, the guinea mentioned in the ordinance of 1777, weighing 5 Dwts. 8 grains, and worth £1. 3s. 4d., is now, in consequence of a guinea weighing 5 Dwts, 6 grs. being worth the same sum, raised in price

to the extent of $4\frac{1}{2}$ d. cy. on each, an increase of 1.60 per cent, for the pieces in detail ; but when received in bulk, the statute provides that in every payment exceeding £50 cy. made after the 1st of June, 1797, when one of the contracting parties making or receiving the same shall require it, such gold shall be by weight in bulk, and not in single pieces ; that is to say, the gold coin of Great Britain, Portugal and America shall be weighed together, and that of Spain and France together, from the weight of which a deduction shall be made of $\frac{3}{8}$ rds. of a grain Troy for each piece of Gold coin so weighed, as compensation that may accrue by paying away the same in detail. And in all payments so made, the Gold coin of Great Britain, Portugal and America shall be computed at 89s. per ounce Troy, and that of Spain and France at 87s. cy. per ounce Troy therein contained after such deduction made, and so on in proportion for a greater or lesser quantity : so that in receiving, say 89 guineas, weighed as per standard 21b Troy, or 11,520 grs. Troy, there would fall to be deducted 89 two-thirds of a grain, or $59\frac{2}{3}$ grs., say 60 grs., leaving 11,460 grains to be paid for, at the rate of 89s. cy. per ounce Troy, which would give net proceeds 177 shillings and 1 penny for two ounces of Gold, reducing it by the tare to 88s. $6\frac{1}{2}$ d. an ounce. Now the price of Standard Gold was then and still is £3. 17s. $10\frac{1}{2}$ d. stg., and that amount at the par of Queen Anne, viz. : by the addition of one-ninth for conversion into currency would give only 86s. 6d., being a difference of 2s. $0\frac{1}{2}$ d. or $2\frac{1}{2}$ d. per cent premium—disturbing the old par of Queen Anne, and establishing a new par, viz. : the ninth and $2\frac{1}{2}$ per cent premium or addition.

The case may also be stated thus :

89 guineas represent 21b Troy of Gold, or 11,520 grs. Troy, which, at 89s. per ounce, would give £106. 16s. currency, making a difference of £2 19s. 4d. cy., equal to $2\frac{1}{2}$ premium, or that addition to the ninth ; but the statutory

deduction of $\frac{3}{4}$ ds. of a grain on each piece when paid or weighed in bulk, would entail a deduction of $59\frac{1}{4}$ grains, or say 60 grs. leaving 11,460 grs., or 11 oz. 18 Dwts. and 12 grs. at 89s. per ounce, which gives £106 4s. 10d. cy., or £2. 8s. 2d. cy., above the old par of Queen Anne, equal to $2\frac{1}{4}$ d. p. c. ; consequently the currency, or which is the same in effect, the integer of account of Canada has been debased to that extent ; and to arrive at true par we must add, not only the ninth, but $2\frac{1}{3}$ d. per cent. besides. The eagle weighing 11 Dwts. 6 grs. Troy, full weight, which it seldom is, is to be taken in detail at 50.06. shillings currency, and in bulk at 49.92—a scarcely appreciable difference, yet enough to effect, large transactions. It has to be borne in mind that the eagle of 1837, weighs only 10 Dwts. 18 grs., and contains 232 grs. fine Gold, while the eagle we are discussing weighs 11 Dwts. 6 grs. and contains $247\frac{1}{2}$ grs. of fine Gold. The par of the first being $2\frac{1}{3}$ besides the ninth, the old par of Queen Anne, or \$4.57 to the £ stg.; the par of the last $9\frac{1}{8}$ th in addition to the old par of Queen Anne, or \$4.87. to the £ stg.

Then the Gold doubloon or 4 pistole piece of Spain is by this Statute increased nominally to the extent of 2.80 per cent., and the price per ounce fixed at 87s. being the relative rate ; but the French Louis d'or, which by the ordinance of 1777, was fixed at £1. 2s. 6d. for 5 Dwts. 3 grs., is now required to contain 5 Dwts. 4 grs., or suffer a deduction or discount of $\frac{1}{8}$ per cent ; so that in this single instance a little less silver is required to exchange for a Louis d'or. The French pistole piece 4 Dwts. 4 grs. is correctly rated at 18s. currency.

In 1808, another currency act was passed, slightly differing from the one I have cited. The doubloon is fixed at £3. 14s. 6d. instead of £3. 14s. and the French pistole piece at 18s. 3d. instead of 18s. There is also a change in

the price to be paid or received in case of over or short weight, and also in respect of the amount to be weighed in bulk; and the price of the Spanish and French Gold is increased by the addition of $8\frac{1}{2}$ d. an ounce. French or Spanish Gold was only 21 carats fine—hence the lower value as compared with British and Portuguese Gold. The clauses I allude to are as follows :

“(1.) British, Portugal or American Gold coins weighing more than the standard aforesaid, when weighed by single piece, there shall be allowed and added in all payments $2\frac{1}{4}$ d. currency for every grain; and for every grain which any piece of the same shall respectively weigh less than the standard aforesaid, there shall be allowed and deducted in all payments $2\frac{1}{4}$ d. currency—and for every grain which any piece of the aforesaid Spanish or French Gold coins shall respectively weigh more than the standard aforesaid, when weighed by the single piece, there shall be allowed and added in all payments $2\frac{1}{5}$ th of a penny currency; and for every grain which weighs less than the standard there shall be allowed and deducted in all payments $2\frac{1}{5}$ th of a penny currency.”

“(2.) Gold coins above £20 may be weighed in bulk—the Gold coin of Great Britain, Portugal and America together; and that of Spain and France together, and the Gold coin of Great Britain, Portugal and America shall be computed at the rate of 89s. currency per cunee Troy, and that of Spain and France at the rate of 87s. $8\frac{1}{2}$ d. per ounce—a deduction shall be made of one half of a grain Troy for each piece of Gold coin so weighed as a compensation to receiver or receivers for the loss that may accrue in afterwards paying away the same by single pieces, which shall be computed respectively at the rates aforesaid—repealing the Act of 1777 and that of 1796.”

Tedious details all these may seem to some—details relating to events which should be relegated to the catacombs of history; for no sensible man should care either how they happened, or whether indeed they happened at all or not. Yet they are important cogs in the machinery of human life, and we claim for them a place, however humble, in the page of history. The influence exerted on the prosperity of nations by the character of their currency is perhaps a branch of study which has received less attention than it deserves. The minds of historians have been too much engrossed by the stirring drama of war and diplomacy, of politics and court intrigues, to give themselves to the dry and obscure study of such subjects as those which we are now discussing. "In the whole of the international policy of a State," writes our late President, Mr. Stuart, "there is none which calls for more vigilant, unremitting attention on the part of the first executive magistrate and the Council of State, &c."

Closely related to the subject of Currency, is the business of Banking. All hope of success in establishing a Bank in the Colony had not been abandoned. On the 4th of March, 1807, an advertisement appeared in the *Gazette*, requesting the attendance of the inhabitants of Quebec, at the Union Hotel, on Friday, the 6th, at one o'clock, P.M., to consult on the proper measures to be taken for the establishment of a Bank of issue in the Province. Nothing practical however resulted from the meeting.

In February, 1808, a petition of divers inhabitants of the Cities of Quebec and Montreal, praying to be erected into a body corporate, under the title of the "Canada Bank," was presented to Parliament—received and referred to a special committee; and on March 4th, the Bill was introduced. Objections, however, were urged against the measure by many members—objections which, estimated by

the standard of to-day, appear rather strange. It was held that the people were illiterate and liable to be imposed upon; that if the Bill passed it would encourage a spirit of gambling and speculation founded on false capital; and that, as soon as the Bank should be established, all the specie in the Province would disappear. On the other hand, it was argued that the inconvenience apprehended from the illiteracy of the people would be guarded against by suitable devices on the Bank Notes, by which the relative value of each note might be known; that forgeries would be prevented by due precaution being exercised in stamping the Note paper, and by the skilful engraving of the plates. It was further argued, oddly enough too, that the crime of forgery had become common in the United States, because in that Country it was punishable by imprisonment only; whereas, under the Criminal Code of Canada, it was death to counterfeit any note or coin. Then, as to the creation of false capital, it was maintained that all credit may be considered fictitious capital; but though some may abuse the advantages derived therefrom, it should not for that reason be held as sound that no credit whatever should be given.

The Bill provided that the stock of the Bank should be limited to £250,000 cy.—the shares to be of £25 each. And with regard to the administration of its affairs—twenty-four Directors are to be elected from among the shareholders, who again are to choose from among themselves a President and Vice-President—half of the number of the Directors to attend to the affairs of the Bank, at Quebec, and half for the same duty in Montreal, at which cities the two principal offices are to be established. But the Bill was thrown out; and although, in the figurative language of the day, “the spirit of Banking was hovering over them,” it was not till ten years later that the Merchants of Montreal and Quebec took up the subject again, and formed them.

selves into separate associations for carrying on the business of Banking, under the respective styles of "The Montreal Bank" and "The Quebec Bank"—both of which Institutions are still in existence.

Meanwhile, there was scarcely any improvement in the character of the circulation. Importations of specie were made from time to time from England, by the Military authorities, for the use of the army; and some British coins were brought in by immigrants: these were of course regarded, and preferred, as the most desirable currency the country could have.

At the North-East corner of this building, there is deposited in the foundation stone, a casket containing the following pieces of Gold, Silver and Copper Coins of Great Britain:

One Guinea.....	of the year	1793
One half Guinea.....	"	1804
One third Guinea.....	"	1806
One quarter Guinea.....	"	1762
One silver piece of five shillings.....	"	1804
" one shilling	"	1787
" one sixpence.....	"	1787
" one penny.....	"	1800
" an Irish fivepence.....	"	1805
One copper, British half-penny.....	"	1800
One " Irish "	"	1805

Where I presume they still remain—to beguile the future Historian or Antiquary, centuries hence, into the belief that such were the coins current in Canada at the time the stone was laid—the 17th of June, 1809.

And now I think I cannot ask you to listen any longer. On some future day, with your leave, I will proceed with my subject. We have now reached the most interesting part of our financial history—that which is related to the war

of 1812, when our Militia and our Monetary resources were taxed to the utmost. I shall leave it to others to deal with the incidents of war. It will be my endeavour to show how the exigencies of the army were provided for, under circumstances peculiarly trying, by the establishment of a temporary Government Bank of Issue—which all our historians have referred to, but which few, if any, have fully described or traced in its operations from its commencement to its close on the return of peace.

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