

History of Canadian Metallic Currency

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HISTORY OF CANADIAN METALLIC CURRENCY.

BY PROFESSOR ADAM SHORTT.

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Canadian metallic currency as we have it to-day has not been the result of any definite or conscious choice on the part of the Canadian people or their Government. In fact, if the earlier Governments could have settled the matter according to their own convictions and wishes, our currency would be quite other than what it is. However, circumstances are stronger than policy and popular usage than Government enactments.

At the time of the Conquest Canada passed into the hands of the British with practically no metallic money in sight. It was submerged in a flood of depreciated paper currency, the result of extravagance and corruption on the part of the last French colonial Government. When confidence was restored the trade of Quebec and Montreal began to revive through the activities of the immigrant British merchants from the southern colonies. Metallic currency re-appeared, but it was of a very varied character, coming as it did from the old stockings of the more fortunate French-Canadians, the traders from the English colonies and the payments of the British Government.

The long and intimate trade connection between the American colonies and the West Indies resulted in the introduction of Spanish and Portuguese coins. The Spanish dollar was the chief medium of exchange and consequently the practical standard of value. The sterling currency of Britain was the legal standard of the colonies, but there were few British coins in circulation. Metallic currency in a new country whose manufactured goods must be obtained from abroad is apt to be scarce. Popularly the most reasonable manner of protecting and retaining currency is the simple method of over-rating it. This however led to competition in over-rating among the British colonies in America. The Legislature of Massachusetts fixed the value of the Spanish dollar or "Piece of eight" (meaning eight Reals) at six shillings. This was confirmed by the Royal proclamation of Queen Anne, under advice from the Board of Trade, in 1704. In this Proclamation the same rating was extended to the other colonies, and the other silver coins were rated in like proportion. As the Proclamation was only indifferently observed by some of the other colonies, in order to have it legally enforced its terms were embodied in an Act of the Imperial Parliament in 1707.

To evade the conditions of the Act the West Indies passed to the gold standard, with the Portuguese Johannes or "Joe" as the usual medium. Some of the northern colonies took refuge in paper currency, and fluctuations were more common than ever. Remedies were attempted in 1740-41. In 1750 an Imperial Act prohibited the issue of paper currency in several colonies, and in 1764 this was extended to them all.

At the time of the Conquest then, the rating for silver coins, as established by the Proclamation of Queen Anne in 1704, was still in force, the unit was the Spanish dollar, the sterling value of which was 4s. 6d., but rated in the colonies at 6s. Gold coins had received no special rating. At the time of the Conquest the dollar was accepted in Massachusetts and Nova Scotia at 5s. whereas in New York it was accepted at 7s. 6d., shortly after at 8s. Now both these standards were introduced by the merchants going to Canada, the Eastern merchants coming from Massachusetts to Nova Scotia, and the Western merchants to Montreal from New York by way of the Lake Champlain route. From Quebec east the customary standard was 5s. the rating being known as Halifax currency. From Quebec west, and centring at Montreal, the customary standard was 8s. known as New York, or more commonly York currency. There were varied ratings for the French and other coins, gold and silver. In order to furnish a standard for legal purposes, Governor Murray passed an Ordinance in 1764 fixing the legal rating of the chief coins in the country, which rating was as follows:—

Coins.	Weight dwt. grs.	Rating		
		L	s	d.
Gold:				
Johannes of Portugal.....	18 6	4	16	0
Moydore.....	6 18	1	16	0
Carolin of Germany.....	5 17	1	10	0
Guinea.....	5 44	1	8	0
Louis D'Or.....	5 3	1	8	0
Spanish or French Pistole.....	4 4	1	1	0
Silver:				
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	

Following the legal rating in the Proclamation of Queen Anne it fixes the dollar at 6s. In contracts already made the French Livre was to be rated at one shilling, thus making an easy transition from the French to the English system. There was no coin however, representing the shilling in this Ordinance. It was simply a money of account, the English shilling being rated at 1s. 4d.



Though the ratings given in this Ordinance continued to be the legal basis for settlement in disputed accounts, yet in actual practice the merchants of Canada, like those of the other colonies, paid just as much deference to the Ordinance as suited their convenience. Murray, however, took steps the following year, in 1765, by passing a further Ordinance to enforce his ruling. This constituted one of the grievances of the merchants against him and assisted towards his recall and the repeal of his second Ordinance. The Ordinance of 1764 was not very satisfactory in several respects, but there were numerous difficulties in the way of amending it, not the least of which was the difference of opinion and practice between the merchants of Quebec and Montreal. The troubles incident to the passing of the Quebec Act and the American Revolution prevented any local action being taken until 1777 when the colony of New York being in rebellion and its sympathisers in Montreal in disfavour, the Quebec influence carried the day and Halifax currency became the new official currency, the rating of the dollar being changed from 6s. to 5s. The Ordinance is as follows:—

Coins.	Weight dwt. grs.	Rate.	
		L	s d.
Gold:			
The Johannes of Portugal.....	18 6	4	0 0
The Moldore.....	6 28	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.			
Silver:			
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

According to the intrinsic value of the silver in these respective coins, the Spanish dollar being rated at 5s., the British Crown at 5s.6d. was underrated to the extent of 4d. and was therefore driven out of circulation. The French Crown when rated at 5s. 6d. was over-rated and remained in the Colony. The Pistareen, however, at one shilling was more highly overvalued than any of the silver coins. The agitation for a further revision of the rating began immediately after the effects of the Ordinance were realized. But owing to the old difference of opinion between Quebec and Montreal merchants, nothing was done until 1795, after representative Government had been introduced into the Canadas and the two Provinces separated. Then a new act making

some slight changes was passed in Lower Canada and a somewhat similar act in Upper Canada. In these the American dollar was rated for the first time and at the same rate as the Spanish dollar, namely 5s. but no other changes were made in the ratings of the silver coins.

The practice of the Montreal merchants in following the York currency naturally extended to Upper Canada where most of the Loyalist settlers were from New York State. Thus though the Halifax standard of 5s. to the dollar was the official rate, the customary rate was 8s. to the dollar, the basis of which was the Mexican Real eight of which made up a dollar, whence the old name "piece of eight." In time this came to be identified with the English 6d. which was sometimes called a York shilling.

As the new American currency of dollars and their fractions gradually took the place of all other coins in the United States, the light and defaced coinage of other mints took refuge in Canada and added to the piebald character of its currency. Only the scarcity of any medium of exchange enabled much of this to circulate. In 1808 the rate of the gold coins was further amended as affecting the foreign exchanges of the colony.

During the whole of this period the Imperial authorities in Canada continued to keep their books in sterling and made payments to the troops on the same basis, rating the dollar at 4s. 6d. It was not, however British coinage which was brought to Canada to supply the Military Chest, but simply Spanish dollars. When these were issued to the troops at 4s. 6d. it simply meant that the soldiers were paid a bonus of 6d. on each dollar as the legal rate was 5s. In 1808 to partially overcome this advantage to the troops the dollars were issued at the rate of 4s. 8d. sterling, which in practice meant the reduction of 2d. on the dollar from the soldier's pay.

In 1812 to guard against replacement of the metallic currency of the Canadas by the army bills which were then being issued, it was provided in the Army Bill Act that no metallic currency or gold or silver bullion should be exported from Canada in any shape on pain of forfeiture if discovered. This last law continued in force until 1817.

After 1792 the old French coins circulating in Canada were no longer minted, though the French Canadians held to these coins as among the symbols of their nationality. Much as they disliked the new French coinage after the Revolution, yet they preferred it to anything British, and in 1819 by an act of the Lower Canadian Legislature the new French coinage was created legal tender at fixed rates; in Upper Canada, however, they received no official standing.

In the upper Province the conflict between the older form of York currency and the newer form of Halifax currency gave rise to no little

difficulty, especially in the settlement of cases brought to court. To definitely settle these differences, an Act was passed in 1821 providing that no interest should be collected on notes, bonds, or other contracts in which the sums were expressed in York currency. No rendering of accounts and no presentation of books in court were to be deemed legal where they were presented in York currency. Thus was York currency finally displaced by Halifax currency. Yet so strong is custom that for nearly half a century afterwards in the older sections of Upper Canada prices continued to be quoted and farm produce bought and sold in York currency.

In 1825 the British Government undertook to correct all the anomalies of colonial currency by introducing the British sterling currency as a standard of value and medium of exchange throughout the Empire. As already observed, among the French Canadians the old French coins, so far as available, constituted the favorite currency, while in the English settlements, in the city of Montreal and throughout western Canada, the Spanish and American dollars, with a miscellaneous fringe of other gold and silver coins, constituted the general medium of exchange.

In 1816 Britain herself had adopted gold as a standard and silver became a token money, its face value being above its intrinsic value, while its legal tender was limited to 40s. In 1821 the Bank of England resumed specie payment. At this time also the Spanish colonies were achieving their independence, the silver mines passed out of the hands of Spain and the supply of Spanish dollars was checked, leaving henceforth the American dollar in command of the field. In view of these conditions and especially of the successes which attended the re-adjustment of the British coinage, it was perhaps natural for the Government to suppose that they could re-construct the currency system of all parts of the Empire. It was resolved to make use of the extensive payments in the colonies through the Military Chests for the purpose of effecting the desired change. The Lords of the Treasury, in a minute dated February 11th, 1825, set forth their scheme for re-organization and the arguments in support of it. They acknowledged that in most of the colonies the Spanish dollar was at once the prevailing coin in circulation and the standard by which all other coins were measured. But the Spanish dollar was greatly over-rated, it was paid out by the Military Chests at 4s 8d. when as a matter of intrinsic value it was scarcely above 4s. and at the rate of British silver coinage it would be 4s. 4d.

Under the circumstances the Lords of the Treasury had reached the conclusion that the best medium, alike for the payment of the British troops quartered in the colonies, and for colonial exchange, was the British silver and copper currency. This currency, however, must be

capable of conversion into the standard gold coinage of Great Britain. This could be accomplished by issuing for it in the colonies, bills of exchange on Britain at a standard rate. The rate suggested was 3% premium, or £103 in the colonies for £100 in London. British silver coinage being issued at a higher rate than its intrinsic value, was expected to remain in circulation in the colonies, because it would not pay to melt it down for export as bullion, and the issue of bills of exchange on London would prevent its being returned there. Steps were to be taken at once to have the British silver coins sent to the colonies, in the meantime the dollar to be rated at 4s. 4d. and other coins in proportion.

The very natural object of this comprehensive scheme was to establish one currency language for all exchange operations throughout the Empire. Wherever the British flag waved the British shilling was to circulate, to the advantage of imperial trade and commerce. Looked at from the point of view of London, the plan was faultless, but from the colonial point of view it was much less simple or attractive. Most unexpected obstacles to its realization cropped up. In Canada the proposition provided for the rating of the dollar at 4s. 4d. sterling, instead of 5s. 2d. as in the existing act. This however would mean the infringement of the Canadian law by a British order in Council. Such a proposal stirred the constitutional bile of the Canadian Legislature, and though Lord Dalhousie endeavoured to get the Canadian Act changed by the Assembly, that body simply referred the matter to a committee from which it never emerged. The Legislative Council, on the other hand, though a strong pro-British body, gave numerous reasons why the Canadian system in operation at the time could not be disturbed. Their chief objection was that as the British silver was over-rated and not subject to free coinage, nor legal tender for more than 40s. it would be very unwise to adopt it as a standard in Canada. In other respects it would involve too many changes in Canadian contracts and general business. The British Treasury, being informed of the difficulties in the way of their imperial scheme gracefully abandoned it in formal shape, trusting to the payment of the troops in British silver to alter the usage in Canadian business.

In Upper Canada though declining to alter the basis of the currency, or change the rating of the dollar, the Legislature raised the rating of the British coins. The Crown was rated at 5s. 9d. instead of 5s. 6d. and the shilling at 1s. 2d. instead of 1s. 1d. This had the secondary consequence of putting the two Canadian Provinces out of touch with each other in the official rating of their coinage.

The British military authorities sent out £30,000 in British silver for the payment of the troops. Contracts for military supplies were to

be sent in in sterling at the specified rate of 4s. 4d. for the dollar. Bills of exchange might be issued at the rate of 103 for 100 payable in London. But the very fact that the British silver when paid out in the colonies could be used to purchase exchange on Britain resulted in its being immediately returned to the Military Chest, or the vaults of the banks, while the actual currency of the colonies remained paper bank notes and the over-rated Pistareens and French silver, together with the American and Mexican silver dollars. But the chief currency used to buy up the British silver were the local Canadian Bank notes and these were all expressed in dollars. The very efforts therefore of the Imperial authorities to put British coinage in circulation, proved to be the most effective method of excluding it from circulation, and of insuring the use of the American medium of exchange. The fact was that though the dollar was the nominal standard the metallic currency in circulation consisted of the odds and ends of the coinage of all commercial nations, most of it too highly over-rated or too much worn and defaced to be profitably exported.

For fractional currency the Spanish Pistareen became the most common silver coin in the English sections of Canada. It was being discarded in the United States owing to the reformation of their currency, and passed over to Canada where it was accepted as a shilling piece, i.e. 20 cents, while in the United States it was worth only 17c. or 18c. As a matter of fact the Pistareens and their halves were among the most worn and defaced coins in circulation.

Copper coinage in the early days was also very scarce though considerably over-rated. About 1825 it consisted of discarded and worn British half-pence, farthings, various private tokens, native and foreign, and even brass buttons hammered smooth. As indicating the manner in which the Canadian copper currency was regarded, we may take the following extract from a letter of one of the Dorking immigrants. "Tell John to bring as many farthings as he can get, and old halfpence, as they go for as much as a penny piece; they call them coppers." In Upper Canada the enterprising firm of Ed. Leslie and Sons imported a considerable number of tokens for their own use, and the demand for them became so great that in 1831 they applied to the Government to either furnish a supply itself or sanction importations to meet the public need.

There was an increasing demand on the part of the mercantile element in the country for a Canadian silver and gold coinage, on the basis of the decimal system of dollars and cents. But in 1830, under Sir James Kemp, another effort was made to have the British standard adopted. A Bill was introduced providing for the sterling standard and the rating of the dollar at 4s. 4d. It provided also for calling in the

Pistareens and French silver, and for excluding all gold coins but the British sovereign and half sovereign. It failed to pass, however, its changes being regarded as too radical.

In both Provinces temporary measures were passed making some slight adjustments. The Lower Canadian measure rated the Pistareen at 10d. instead of a shilling and the half Pistareen at 5d. The Upper Canadian act merely excluded from legal tender the worn and defaced coinage then forming a large part of the circulation, such as worn British coins, the Pistareens, and French crowns and half crowns. But as no new coinage was provided to take the place of that which had been disfranchised the situation was not much improved. Matters were simply left to be dealt with by practical agreements among the merchants and others.

Meantime the miscellaneous trash, constantly imported into Canada and circulating under the name of coppers, became an intolerable nuisance. The banks of Lower Canada undertook to remedy matters by issuing a series of copper bank tokens of definite standard which were accepted at their face value. The first issue was dated 1837 but did not pass into circulation until the spring of 1838. The banks providing them were the Bank of Montreal, the City Bank, the Quebec Bank, and the Banque du Peuple. Later the Bank of Upper Canada also obtained and exercised the right to issue copper bank tokens. This movement only partly remedied matters. As a further condition of relief the Bank of Montreal imported \$10,000 worth of 5 and 10 cent pieces from the United States Mint. This certainly improved the situation, but in doing so further determined the country in the direction of the American and not the English standard.

For some time the changing ratio of silver to gold had caused the American rate of 15 to 1, by undervaluing gold, to drive it out of the country. Hence in 1832 the new ratio of 16 to 1 was adopted. This however had the opposite effect, and as gold increased faster than silver, the latter passed to a premium and disappeared from circulation. American silver disappeared from Canada also, increasing the difficulties of the Canadian situation. Once more therefore the rating of the coinage had to be changed in Upper Canada. This was accomplished by the act of 1836. The British crown was rated at 6s. and the British shilling at 1s. 3d.

British coinage continued to act as an exchange on England and was therefore rated at its exchange value, not at either its currency value or its bullion value. Thus instead of the pound Halifax currency being equivalent to 17s. 4d. sterling, as formerly under the Act of 1836, it became equivalent to 16s. 8d. or, in the shape of the British shilling, to 16s.

These changes very materially affected all military and other contracts. The British shilling now being the cheapest legal tender in Upper Canada, soon displaced practically all other coins.

Though the Home Government did not disallow the Act of 1836, which had only four years to run, it had so little confidence in the Canadian views on money matters that the Governor was required to reserve any further measures dealing with the currency.

The general situation brought to the attention of the better informed Canadians the fact that Canada, being dependent upon foreign coins for its medium of exchange, was liable at any time to lose its currency through an adverse balance of exchange with England or the United States. To over-rate the coins proved only a very temporary expedient as prices rapidly adjusted themselves to the new rates, and the coinage flowed off once more. It was proposed by the more intelligent business men to have a regular Canadian currency which would not be admissible in other countries at its face value, and would therefore serve no other purposes than that of a medium of exchange. This was of course the ultimate remedy and was eventually realized in the present Canadian silver and copper coinage. Still it is surprising to find how long it took to get this simple and obvious remedy into operation.

Upper and Lower Canada had drifted further apart with every change in their currency laws. The dollar alone remained common to both, at the rating of 5s. but no one was compelled to pay in dollars. In Lower Canada payments were made as far as possible in French coins, and in Upper Canada in English shillings. As a result exchanges between the provinces were at varying ratios of discount, and in both exchange on New York was always at a premium. The business of the Canadian provinces was certainly suffering from the unfortunate condition of the currency.

Amid all the conflicting arguments and proposals of the period, on two points the leading financial men were agreed, namely, that there should be a special coinage for the British North American colonies, and that the basis and denomination of that coinage should be the same as in the case of the new American gold and silver coinage. These views were endorsed by the Governor-General, Sir John Colborne, and Sir George Arthur, Lieut.-Governor of Upper Canada.

An Act was passed by the Legislature of Upper Canada with the object of bringing the currency of the provinces into closer relation with that of the United States. The special Council of Lower Canada also passed an Ordinance to improve the currency situation in that province, but both measures were disallowed by the Home Government. The reasons given were sound enough from a British point of view, and

several of them from any point of view, inasmuch as too many coins were made unlimited legal tender by tale and the ratings were in several cases inconsistent with each other. But to make the ratings accurate would have required the use of awkward fractions. Thus the shilling instead of being rated at 1s.3d. would have to be rated at 1s. 2 $\frac{1}{10}$ d., and similarly with the others.

The British Government, or at least the Treasury Board, still hoped to enforce the British standard in Canada and to prevent the adoption of the American system, as they were convinced that the use of a common currency must of necessity lead to annexation. In consequence, the Lords of the Treasury suggested that the regulation of Canadian currency should be left to the Home Government to be dealt with by Orders in Council and Royal Proclamations, as in the case of the West Indies, and that the ratings should be determined with reference to British sterling. The Canadian Provinces strongly protested against any such arrangement as quite ignoring vital local conditions.

Before anything further was done the Union of the Provinces had been effected, responsible government was introduced, and further changes depended for good or evil upon the wishes of the Canadian people. For one thing union involved a uniform currency throughout the Canadas. When the Union Parliament opened in 1841, one of the first matters brought up was the condition of the currency. The mercantile community, especially at Montreal, strongly recommended one system of currency for the whole of British North America. But, strange to say, the Montreal people were now in favour of the British and not the American standard. This change of heart was due to the silver famine in the United States, as the result of the 16 to 1 law. However a more popular recommendation throughout the country was that the silver dollar be taken as the standard of currency and that gold be treated only as bullion. Mr. Francis Hincks was the advocate of this system and he was chairman of the Committee of the Legislature to consider the currency question. A census of financial opinion was taken and it was found that the larger number favored the dollar for practical reasons though on sentimental grounds a number seem to have preferred the sterling standard.

One remarkable change of view was that of Commissary-General Routh, who, while the British Government was attempting to establish a uniform currency throughout the Empire, was a strong advocate of the sterling standard; but now that the military question had lost its influence, had given up this policy and came out as a strong advocate of the American decimal system. This he did on purely practical grounds. "It is," he said, "the system most familiar to the Canadian people,

and it is most convenient for their business, while the United States is the only available source for large and immediate supplies of metallic currency. On the other hand the British standard cannot be maintained in Canada because it will be subject to constant fluctuations following the conditions of exchange and the currency will be liable to be exported in lieu of Bills of Exchange."

With Canadian opinion in a divided condition the Currency Bill was necessarily a compromise. It corrected, however, many of the existing anomalies and reduced the range of unlimited legal tender. The Halifax standard was retained, though there were still no coins corresponding to it. The gold coins allowed as legal tender were the American eagle and the British sovereign. Other gold coins might be used as legal tender at specified rates per ounce. The silver coins admitted as unlimited legal tender were the American dollar and half dollar and the new French 5 franc piece. The other rated coins were limited as legal tender to £2.10s. The dollar was rated at 5s. 1d. and the 5 franc piece at 4s. 8d. The old French silver coins of Lower Canada were not given any rating and therefore became mere bullion, much to the disgust of the banks and the people of Lower Canada. The French Canadians of course saw in this another blow dealt at their nationality. There was a rather amusing scramble among the banks to unload on each other before the Act came into force the now homeless old French coins. The exclusion of British silver from the privilege of unlimited legal tender caused quite an outburst of sentiment on the part of the pocket Loyalists, as they were likely to lose a little in consequence. But, as Mr. Hincks pointed out, British silver was now treated in Canada exactly as it was treated in England. It was merely a token currency of limited legal tender. The general effect of the new measure was decidedly beneficial, and certainly prepared the way for further changes in the same direction.

After the passing of the Metcalfe ministry, Mr. Hincks once more became Finance Minister in the Reform ministry of 1847 under Lord Elgin, and resumed the task of developing a permanent currency for Canada. Under the Act of 1841, at the instance of the Council, but much to the dislike of the Assembly, the dollar had been rated at 5s. 1d. and the English crown at 6s. 1d. In 1850 the older ratings were restored, namely 5s. for the dollar and 6s. for the crown. This was done with the express object of equalizing the American and Canadian standards. The same Act gave authority to the Governor in Council to cause silver coins to be struck for circulation in Canada, the coins to be of the following values, 5s., 2s. 6d., 1s. 3d., 1s., 6d., and 3d. These were of course merely currency ratings corresponding to the dollar, half and quarter dollar,

20c., 10c., and 5c. pieces. These coins were to be legal tender to the extent of \$10. This act therefore laid the foundation for our present system of coins. The Government was also authorized to obtain a supply of gold coins of the value of £1.5s. or \$5, £1, or \$4 and the halves of these. They were to be of the same standard of fineness as the British sovereign and of unlimited legal tender. When this act, to which Lord Elgin had assented, reached the Home Government it was submitted to the Treasury Board who declared that the section relating to the special coinage for the province required the immediate disallowance of the Act. They declared that it "involves an uncalled for and most objectionable interference with the prerogative of the Crown." When this information was transmitted to Canada, Mr. Hincks made one of those lucid, convincing, vigorous and yet temperate replies for which he was noted. This brought out an elaborate justification on the part of the Treasury Board to which Mr. Hincks made a still more effective reply, which was eulogized even by his political opponents, and to which no reply was attempted on the part of the Treasury Board. The Act was disallowed, but the discussion over it considerably cleared the air and advanced matters a long way towards the ultimate adoption of the decimal system in Canada.

Mr. Hincks entered into communication with the Governments of Nova Scotia and New Brunswick with reference to a uniform currency for British North America. In a series of resolutions in 1851 he laid down certain principles on which he hoped the general currency question might be settled. There should be a definite currency for Canada, which might become common to the British North American colonies, and which would facilitate commerce with all parts of the continent. It should be simple and convenient and therefore the decimal system based on the dollar as the unit of account. It should be mono-metallic with gold as the standard and with silver and copper coins of limited legal tender, which might be over-rated to the same extent as the British silver and copper to prevent their being exported. The dollar of the United States should be accepted at one dollar or 5s. currency. An Act based on these resolutions was duly passed and provided that as soon as practicable the public accounts of the province should be kept in dollars, cents and mills, and all moneys and accounts might be legally stated whether in dollars and cents or in the existing Halifax currency. In authorizing the introduction of gold and silver coins, the standard of the sovereign was adopted rated at \$4.86 $\frac{2}{3}$ or £1.4s.4d. currency. The Provincial gold coins were to be unlimited legal tender under the same conditions of loss by wear and payment by weight as applied to British gold; the silver coins to be legal tender to \$10 only, and the copper

coins to 20c. Unfortunately, with the exception of the changes here made, the other parts of the Currency Act of 1841 were to remain in force, which involved the continuing of the American dollar as unlimited legal tender. This oversight caused the Act to be sent back to Canada for revision.

Together with it the British Treasury Board sent an exhaustive memorandum on the North American colonial currency, and suggested a basis for common agreement among the provinces. The British authorities no longer objected to the decimal system but wished the unit to be the pound currency, and not the American dollar. It was now proposed that the pound should be represented by an actual gold coin to be called a "Royal," with subsidiary gold and copper coins in decimal ratio.

Seeing that the Home Government had conceded so much, Mr. Hincks was inclined to accept the suggestions of the Treasury Board. But the more the members of the Canadian Parliament and the bankers and business men considered the practical effects of the proposal, the more they reverted to the system of dollars and cents. The new measure was proposed in the session of 1852-3. As first presented it provided for a special Canadian decimal currency with a gold coin of the value of one half pound currency to be called a Royal, equivalent to \$2, and with a silver coin $1/10$ of that or 20c., to be called a shilling, and another copper coin $1/10$ of the shilling or 2c. to be called a "mark." In the discussion in the House the majority favoured the system of dollars and cents, though leaning towards the sterling standard on sentimental grounds. Among these was John A. Macdonald. Mr. Hincks readily adopted the views of the majority, which were also his own at heart. The new Act legalized transactions in dollars and cents, making them the new legal money of account, though the Halifax or provincial denomination currency was not excluded. The gold coins of Britain were to be legal tender to any amount at \$4.86 $2/3$ or £1. 4s. 6d. currency; the American eagle to be legal tender at \$10 or £2. 10s. currency. Her Majesty was empowered to direct the issue from the Royal Mint of special silver coins for circulation in Canada, these to be legal tender up to \$10; special copper coins might also be struck. Until the new coins were issued British silver was to be accepted at rates specified.

In this Act the American silver dollar and its fractions disappeared from the list of rated coins. This was because the dollar had disappeared in the United States itself, owing to its being overrated. In 1853 the American Government had provided a subsidiary silver coinage from 50c. downwards. This was accomplished by diminishing the quantity of silver in these coins, thus making them a token currency with legal

tender to \$5 only. From 1853 to 1878, when the Bland Act was passed, the United States had a monometallic currency with gold as the standard but with subsidiary silver currency as in Britain. This will explain the disappearance of the American silver from the Canadian Act.

Mr. Hincks went out of power in 1854, just after the new Currency Act was approved, and there was much delay in putting the new measure into practice. Finally in 1857 a further Act was passed requiring the Government accounts to be kept in dollars and cents without the option of using Halifax currency; and requiring all accounts presented to the Government to be rendered in the new denomination, as indeed had been largely the practice. The Act was to come into force on January 1, 1858. From that day dates the actual official adoption of the decimal system of dollars and cents in Canada. Following the Government the merchants and banks quite generally adopted the new system, and steps were immediately taken to have the new silver and copper currency provided. About the middle of 1858 the first shipment was received from the Royal Mint. It consisted of \$100,000 in 20c. pieces, \$75,000 in 10 cent pieces, \$75,000 in 5 cent pieces, and \$50,000 in 1 cent pieces. Some surprise was expressed that there were no 25 cent pieces, which many regarded as the most necessary of all. But the British shilling had been provided for in the Act of 1853 as legal tender to the extent of \$10. Its proper rating should have been $24\frac{1}{2}$ cents but it was commonly accepted at 25 cents, hence the omission of the Canadian 25 cent coin. The shilling being over-rated soon appeared in large numbers and gave considerable trouble. The new American token currency also flowed into the country under the influence of the Reciprocity Treaty, but more especially during the period of the Civil War. The banks did not favour the Canadian gold coinage nor have they to this day, because it was not necessary in commerce and it would be no use in exchange except as bullion. Various attempts were made to extend the legal tender range of the silver coinage, but fortunately without success.

No further changes in the currency were made until after Confederation. But Confederation being accomplished, and the American Civil War ended, the Canadian Government found it necessary to set the currency in order for the whole Dominion. Canada was flooded with American silver which had been sent over to purchase supplies. At this stage Sir Francis Hincks once more became Finance Minister of Canada, and in 1870 undertook to dispose of the Yankee silver and to supply its place with Canadian coins. By employing the banks in general to gather it in, and the Bank of Montreal in particular to dispose of it in New York, upwards of \$5,000,000 in American fractional silver was exported at a cost to the Government of \$118,000. While this process

was going on, Sir Francis Hincks temporarily supplied its place with fractional Dominion notes, the well-known "shin-plasters." When the process was completed he substituted a new Dominion coinage including Canadian coins of the denomination of 50 cents and 25 cents which were added to the Canadian coinage for the first time thus bringing it to the condition in which we know it to-day, the shin-plasters and 20 cent pieces having gradually disappeared. This also brought the Provinces of Nova Scotia and New Brunswick into line with the Canadian decimal currency.

Such is in outline the history of our Canadian metallic currency up to the establishment of the Canadian branch of the Royal Mint. Incidentally there are connected with it a good many picturesque episodes, political contests, inter-imperial discussion and domestic wild-eyed proposals which furnish both entertainment and instruction for those specially interested in such matters, but they could not be introduced in the course of a single paper.