

# THE PLACE OF THE BANKS IN CANADIAN HISTORY

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It may be interesting to recall that it is just one hundred years since chartered banking in Canada began. It was in 1821 that the Bank of Upper Canada—the first chartered bank in Upper Canada—received its charter; and it was in 1822 that the Bank of Montreal, the Bank of Canada, and the Quebec Bank were chartered in Lower Canada. Several of these banks had already been in existence for a short time as private banks—the Bank of Montreal, for instance, began business in 1817. But 1822 was the year in which chartered banking in Canada really began.

It may occur to you to wonder how people in Canada got along without banks during the two centuries and more which elapsed between the first settlement of the country and 1822. The answer to that conundrum lies in the fact that, before banks were established, the functions of banking were to some extent performed by other agencies. The functions of banking may, I suppose, be summed up under three heads—deposit, discount, and issue. Banks exchange money for the right to demand money; they exchange the right to demand money for money itself; and they exchange the right to demand money for other rights to demand it. Before the institution of banks, all these functions were performed in Canada by other agencies—though not so completely or so satisfactorily as they are performed to-day.

Take the case of deposits. If some fortunate person, in the early days in Canada, had more gold and silver than he required for his immediate needs, and did not wish to place it out on loan, he could do one of two things with it: he could put it in the old-fashioned stocking (and there was a good deal of hoarding of this sort at certain periods), or he could take it to a merchant and get him to place it in his strong-box. Every merchant of importance in the early days had a strong-box—a great iron-bound chest, as a rule, studded with nails, and securely locked and padlocked. Of course, the merchants did not allow interest on the moneys placed with them (it was only in 1835 that even the banks began to allow interest on deposits), but the gold and silver in these formidable-looking strong-boxes of another day were reasonably safe, and the arrangement answered most requirements.

As a matter of fact, there were comparatively few people in Canada in the early days who were looking for places to deposit money. There was little gold and silver in the country, for—like all new countries—Canada had an adverse trade balance, and money, especially good money, tended constantly to escape from the colony. Trade was local, and was carried on to a surprising extent by barter or by a system of merchant's credits like that in use in some parts of rural Canada even to-day. The necessity of having banks of deposit was not therefore nearly so urgent then as it is now; and the stocking of the housewife and the strong-box of the merchant answered the purpose fairly well.

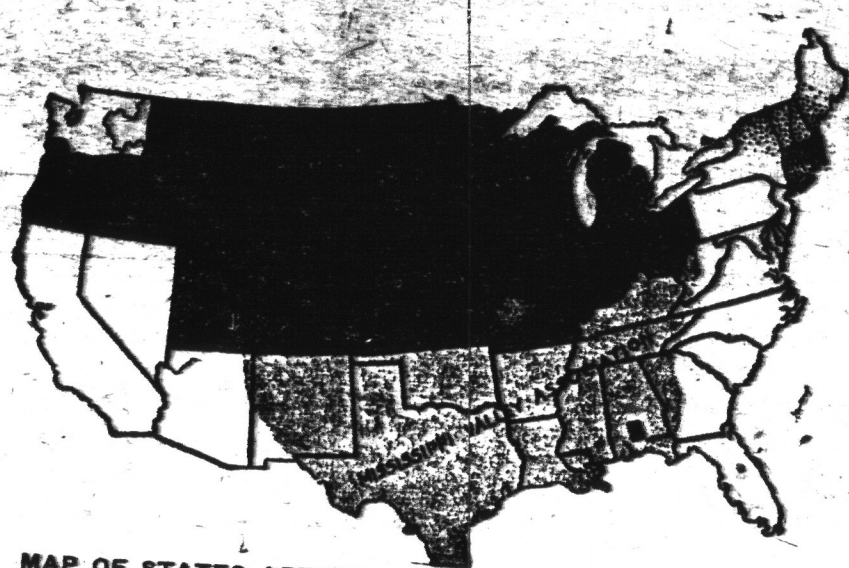
Just as deposits were accepted by the merchants, so discounts were usually made by them. Especially after Jay's treaty in 1794, when Canada was first permitted to trade direct with the United States, some of the merchants made a very handsome

profit by trading in commercial paper. Bills of exchange on London were frequently at a premium in New York when they were plentiful in Canada; and the Canadian merchants were often able to sell their bills of exchange on London in the American market at an almost immoral profit. This was one of the ways in which Enos Collins of Halifax, the founder of the Halifax Banking Company, and the first great Canadian banker, laid the foundation of his great fortune. Collins, who was actually—what was rare at that time—a millionaire, had holdings in the United States that were even greater than his resources in Nova Scotia, and he was thus able to make money out of exchange both coming and going. He was, in fact, a past master in the gentle art of playing both ends against the middle. During the war of 1812 he outfitted privateers in both American and British ports; and while some of his ships were bringing back into Halifax harbor American prizes of war, others of his ships were bringing British prizes of war into the harbors of Boston and New York. In those days banking and piracy went hand in hand.

But the function of banking which, in these pre-banking days, was most imperfectly performed, was that of note-issue. During the greater part of the French period there was no paper currency in Canada at all. In the eighteenth century, however, the French authorities in New France resorted to the expedient, in order to overcome the scarcity of coinage, of issuing what was known as card money—playing cards cut in four pieces, marked good for various amounts, and countersigned by the intendant. At first this card money was a real promise to pay later in gold or silver, and it circulated freely at its face value; but ultimately it became inconvertible—mere fiat money—and of course it fell to a fraction of its face value, like the Continental dollars of the American Congress.

After the British conquest, the Government of Nova Scotia issued for a time treasury notes—familiarly known as "shipplasters"—but these were convertible, and performed a useful service. During the first half-century of British rule, it became also the practice of a number of merchants to issue notes or I.O.U.'s—known as "bons," from the fact that they were marked good (bon) for a certain amount of money. So long as the merchant who issued these notes was in good standing, they gained a considerable extent for the scarcity of gold and silver. They were also, it may be noted, a source of occasional profit to the merchants, for there were usually sent for payment—that were either lost or destroyed. There were cases used them as wadding for their flintlocks. Finally, during the war of 1812, made its appearance. The military authorities, in order to facilitate their purchases in the colony, issued notes redeemable at the Army Bill Office in Quebec in Government bills of exchange on London. These bills passed current as readily as money, and without doubt they did much to familiarize the people of Canada with the advantages of a redeemable paper currency such as banks might, if established, be expected to provide.

(Continued next week.)



MAP OF STATES AFFECTED BY WATERWAY PROJECT  
The eighteen heavily shaded states have, by act of their Legislatures or by declaration of their Governors, organized and voted funds to promote the great St. Lawrence Deep Waterway project in which Canada is also vitally interested. An idea of the vast area of country this scheme affects may be gained from this diagram.

## SINN FEIN SOLDIERS IN DUBLIN SWEAR ALLEGIANCE TO IRISH REPUBLIC

Murders and Reprisals for Murders Still Continue in Belfast—Pitched Battle Between Republicans and Police in County Tyrone.

Dublin, April 2.—A parade of rebel troops of the I.R.A. took place in Dublin this afternoon, in open defiance of orders of I.R.A. headquarters. About 3,000 men, representing five battalions, assembled at Smithfield Market to participate in the demonstration. The flags of the five battalions were escorted by men armed with rifles. The demonstrators wore civilian clothes, but many of them carried revolvers. The parade was a sequel to the notice issued by the rebels that the Dublin brigade was to be mobilized on Sunday to take a "new oath of allegiance with new implications."

Belfast, April 2.—Four men were shot and killed and three children were wounded last night in the Sinn Fein area near the old Lodge Road district. The ages of the men ranged from 40 to 63. The children are two and seven and 13 years old.

It was another grim week-end for Belfast. The shooting of the men is believed to have been in reprisal for the killing on Saturday of Constable George Turner, who had been a regular policeman for 14 years. The assassin fired at Turner from a vacant house and made his escape.

Later, heavy rifle and revolver firing, punctuated with the shrieks of women and children, were heard, and shortly afterward the bodies of the four men were taken to a hospital, where the three wounded children also were conveyed. The father of the children, Joseph Walsh, was one of the men who was shot and killed. All the killings took place in the homes of the victims.

Walsh, who lived in Alton Street, was lying in bed with the two younger children, and the bullet which killed him wounded them. Two-year-old Bridget was shot through the head.

In the home of a relative of the Walsh family this morning a bullet passed through the arm of a neighbor holding a baby and pierced its stomach, wounding it fatally.

The body of a young man was found in the road at midnight last night, three miles from Newry. There were two bullet wounds in his head, and a bicycle lay beside the body. Papers in the man's pockets bore the name Garvey.

## Weekly Market Report

Toronto.

Manitoba wheat—No. 1 Northern, \$1.50 1/2.

Manitoba oats—No. 2 CW, 56 1/4; extra No. 1 feed, 53 1/4; No. 1 feed, 53 1/4.

Manitoba barley—Nominal.

All the above track, Bay ports.

American corn—No. 2 yellow, 74c; No. 3 yellow, 71c.

Ontario oats—No. 2 white, nominal.

Ontario wheat—Nominal.

Barley—No. 3 extra, test 47 lbs. or better, 65c nominal, according to freights outside; feed barley, 60c.

Buckwheat—No. 2, 98c to \$1.02.

Rye—No. 2, 95c to \$1.00.

Manitoba flour—First pats., nominal.

Ontario flour—90 per cent. patent, bulk, seaboard, per bbl., nominal.

Millfeed—Del. Montreal freight, bags included: Bran, per ton, \$28 to \$30; shorts, per ton, \$30 to \$32; good feed flour, \$1.70 to \$1.80.

Baled hay—Track, Toronto, per ton, extra No. 2, \$22 to \$23; mixed, \$18 to \$19; clover, \$14 to \$18.

Straw—Car lots, per ton, track, Toronto, \$12 to \$13.

Unofficial quotations—Ontario No. 1 commercial wheat, \$1.36 to \$1.42.

Ontario No. 3 oats, 40 to 45c, outside.

Ontario corn—53 to 60c, outside.

Ontario flour—1st pats., in cotton sacks, 98c, \$8.20 per bbl.; 2nd pats. (bakers), \$7.20. Straights, in bulk, seaboard, \$6.40.

Manitoba flour—1st pats., in cotton sacks, \$8.70 per bbl.; 2nd pats., \$8.20.

Cheese—New, large, 20 to 20 1/2c; twins, 20 1/2 to 21c; triplets, 21 to 21 1/2c. Fodder cheese, large, 18 1/2c; 26 1/2c; triplets, 26 to 27c; Stiltons, new, 24 to 25c.

Butter—Fresh dairy, choice, 26 to 30c; creamery, prints, fresh, finest, 43 to 45c; No. 1, 41 to 42c; No. 2, 39 to 40c; cooking, 22 to 25c.

Dressed poultry—Spring chickens, 30 to 35c; roasters, 20 to 25c; fowl, 24 to 30c; ducks, 35c; turkeys, 45 to 50c; geese, 25c.

Live poultry—Spring chickens, 22 to 28c; roasters, 17 to 20c; fowl, 24 to 30c; ducks, 38c; turkeys, 45 to 50c; geese, 20c.

Margarine—20 to 23c.

Eggs—New land, candied, 31c; new laid, in cartons, 34c.

Beans—Can. hand-picked, bushel, \$4.40; primes, \$3.85 to \$4.

Maple products—Syrup, per imp. gal., \$2.25; per 5 imp. gals., \$2.15.

Maple Sugar, lb., 13c.

Honey, 60-30-lb. tins, 14 1/2 to 15c per lb.; 5-2 1/2-lb. tins, 17 to 18c per lb.

Ontario comb honey, per doz., \$5.50.

Potatoes—Ontario, 90-lb. bag, \$1.10 to \$1.25; Quebec, \$1.35. Seed potatoes Irish Cobbler, \$1.75 a bag.

Smoked meats—Hams, med., 32 to 34c; cooked ham, 47 to 50c; smoked rolls, 26 to 28c; cottage rolls, 30 to 32c; breakfast bacon, 29 to 33c; special brand breakfast bacon, 37 to 40c; backs, boneless, 36 to 41c.

Cured meats—Long clear bacon, \$17.50 to \$19; clear bellies, \$18.50 to \$20.50; lightweight rolls, \$47; heavy weight rolls, \$41.

Lard—Pure, tierces, 16 1/2 to 17c; tubs, 17 to 17 1/2c; pails, 17 1/2 to 18c; prints, 18 to 19c. Shortening, tierces, 16 to 16 1/2c; tubs, 16 1/2 to 17c; pails, 17 to 17 1/2c; prints, 18 1/2 to 19c.

Choice heavy steers, \$7.75 to \$8.50; do, good, \$7 to \$7.50; butcher steers, \$6.50; do, med., \$5 to \$5.50; do, com., \$4 to \$4.50; butcher heifers, choice, \$5.50 to \$6.25; do, med., \$5 to \$6; do, com., \$4 to \$4.25; butcher cows, choice, \$5.50 to \$6.25; do, med., \$3.50 to \$4; canners and cutters, \$1 to \$2.25; butcher bulls, good, \$4.50 to \$5.50; do, com., \$3 to \$4; feeders, good, \$6 to \$6.75; do, fair, \$5.50 to \$6; stackers, good, \$4 to \$5; do, fair, \$3 to \$4; m'k'ers, \$60 to \$80; springers, \$70 to \$90; calves, choice, \$10 to \$11; do, med., \$9 to \$10; do, com., \$5 to \$7; lambs, choice, \$13 to \$14.50; do, com., \$6 to \$7; sheep, choice, \$8 to \$9; do, good, \$6 to \$7; do, com., \$1.50 to \$3.50; hogs, fed and watered, \$12; do, f.o.b., \$12.25; do, country points, \$12.

Montreal.

Oats—Can. West. No. 2, 65c; do, No. 3, 61c. Flour, Man. Spring wheat pats., 1sts, \$8.50. Rolled oats, bag 90 lbs., \$3. Bran, \$37.50. Shorts, \$33. Hay, No. 2, per ton, car lots, \$28 to \$29.

Cheese, finest Westmas, 16 1/2 to 18c. Butter, choicest creamery, 40 1/2 to 41c. Eggs, selected, 35c. Potatoes, per bag, car lots, 90 to 95c.

## GOVERNMENT OF IRELAND NOW IN THE HANDS OF HER OWN PEOPLE

A despatch from London says:—Royal assent was given Friday afternoon to the bill ratifying the Irish Treaty, and a new chapter of Irish history has begun. The Irish Free State has now a legal existence, and its Provisional Government, under Arthur Griffith and Michael Collins, is endowed with full powers to administer the country until the general election. Britain has given up the right to intervene in Ireland's internal concerns, and on the Provisional Government alone now rests the responsibility of restoring order and of preparing for a permanent regime. The new State, however, came into being under the shadow of a speech of exceeding gravity by Winston Churchill in the House of Commons on Friday.

He paid a warm tribute to the statesmanlike courage and earnest good-will at this most critical juncture of Sir James Craig and his colleagues. "He saw hope in the new co-operation of the Northern and Southern States for a peaceful future of the country, but he minced no words in defining the imminent present danger which besets the infant Free State. A long, weary period of anxiety and uncertainty lay before it, and he pre-acknowledged that the Free State was "exposed to deadly foes who would hesitate to use any means, however cruel or treacherous or murderous, to destroy it."

The attitude of the followers of Eamon de Valera gives the greatest cause for anxiety.

## DEATH CALLS PRESIDENT OF THE T. EATON COMPANY, TORONTO

A despatch from Toronto says:—Sir John Craig Eaton, president of the T. Eaton Company, Limited, passed away at his residence, "Ardwold," Davenport Road, Toronto, at 9.40 Thursday. Death came after a lingering illness of seven weeks' duration.

Although only forty-six years of age, Sir John Eaton was one of the outstanding figures of Canadian industry and commerce. For fifteen years he had been at the head of the largest retailing establishment in the British Empire. As president, he guided the fortunes of the T. Eaton Company, Limited, through the period of that immense concern's most rapid expansion. His name was known from coast to coast, wherever, in fact, the mails carried their daily load of merchandise sent out by the Eaton distributing centres scattered over the Dominion from Saskatoon to Moncton.

The heir of great wealth, Sir John's innate genuineness of character and his broad and democratic human sympathies had gained for him the liking, respect and admiration of all those with whom he came in contact. The instigator of reforms in working conditions and hours of labor, affecting twenty thousand employees, his position in the industrial sphere was unique. Known as Canada's largest employer of labor, a philanthropist whose benefactions amounted to millions, and a sportsman who took a keen delight in the outdoor life of his country, Sir John was equally well known for his abhorrence of anything approaching the snobbish. A merchant prince he was a prince among them.

Not the least important of Sir John's services to his country was the share that he himself took in diverting the resources of the Eaton organization towards the prosecution of Canada's part in the great war. Shortly after the outbreak of hostilities, he offered \$100,000 to the Government for the purchase and equipment of a battery of Vickers' quick-firing machine guns, mounted on armored cars. This offer was accepted, and the Eaton Machine Gun Battery was sent overseas at Sir John's expense. Not satisfied with this, Canada's merchant prince gave the Government the free use of his steam yacht "Florence" and of his Marconi station at Toronto. During the war the "Florence" was used for patrol duty off the Labrador coast.

Of generous proportions were Sir John's donations to the many auxiliary funds necessary to carry on the war. The Patriotic Fund, the Victory Loan campaign, the Navy League, the Red Cross Fund and numerous others reaped the benefit of his munificence. Fitting recognition of this and many other features of his war work came when on June 3, 1915, he was created a Knight Bachelor.

Sir John is survived by his widow Lady Eaton, his mother, Mrs. Timothy Eaton, four sons, Timothy Craig, John David, Edgar Allison, Gilbert McCrea; one daughter, Florence Mary; one brother, Major W. F. Eaton of Oakville; and two sisters, Mrs. J. M. Burnside, and Mrs. C. E. Burden, both of Toronto.

## Prince George Trains in British Navy

A despatch from London says:—The Agamemnon, the latest of the British pre-dreadnought fleet in the navy list, will be commissioned at Portsmouth for a series of experiments in gunnery and bombs of a highly confidential nature. The vessel will be steered and controlled by radio, which will not be put out of action by the heavy concussion.

Prince George, youngest son of the King, has been transferred from the battleship Iron Duke, stationed in the Mediterranean to the Queen Elizabeth, flagship of the Atlantic fleet in home waters, which will soon carry out extensive manoeuvres. Admiral Sir John de Robeck will soon take command of the Atlantic fleet. Admiral de Robeck is regarded as the coming man in the royal navy, which is believed to explain why Prince George is to go with him.

## AMERICA LEADS AS WHEAT PRODUCERS

Russia Replaced by Canada, United States and the Argentine.

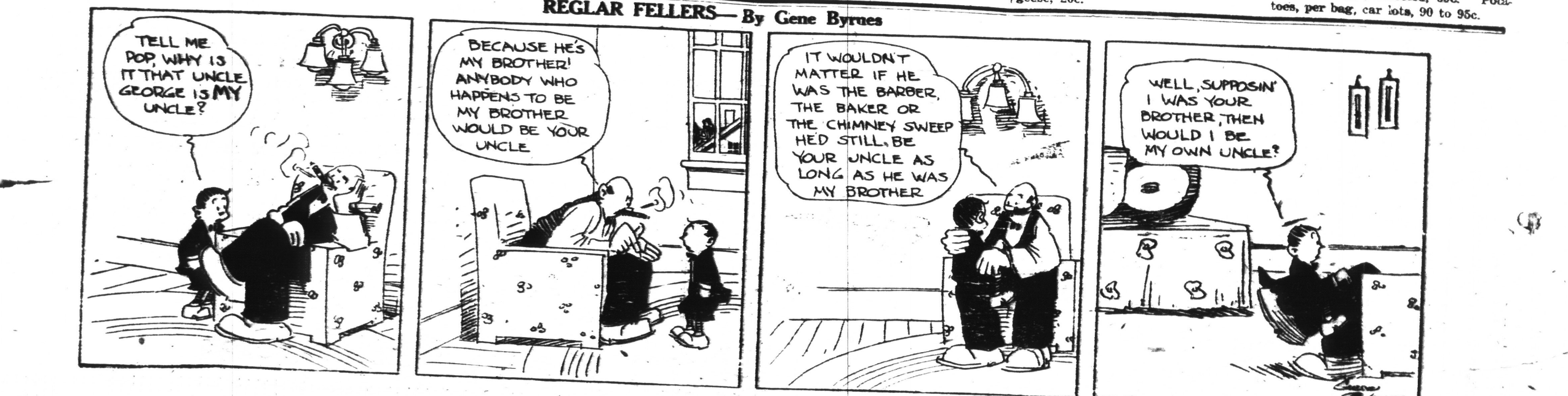
A despatch from London says:—That the Russian grain trade has permanently passed never to return, is the claim, interesting to Canadian wheat growers, made by the Morning Post on Friday. The Post points out that even after Russia's production of grain is once more raised to the level of her internal consumption, cereals will be needed for the restoration and upkeep of her livestock. "With this further and indefinite postponement of a net margin for sales abroad, the passing of the Russian grain trade is, \$398,000,000.

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## REGLAR FELLERS—By Gene Byrnes



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