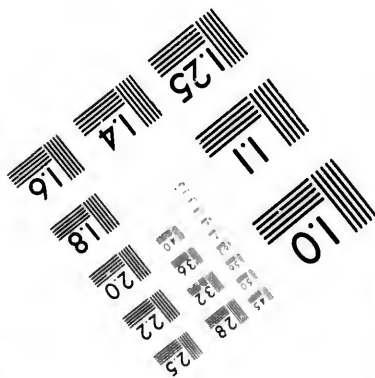
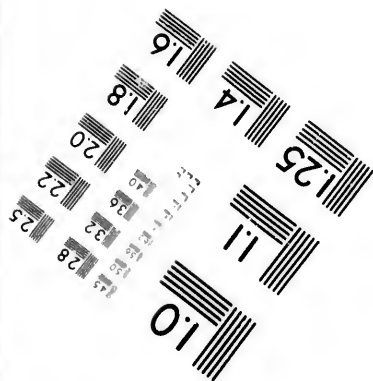
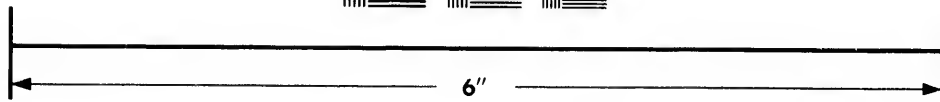
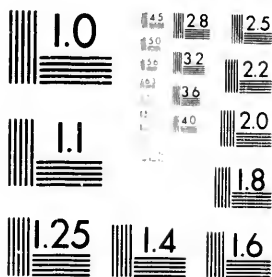


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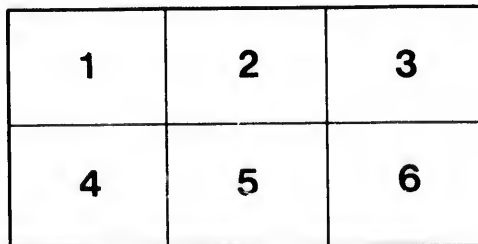
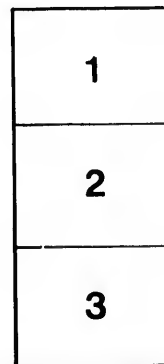
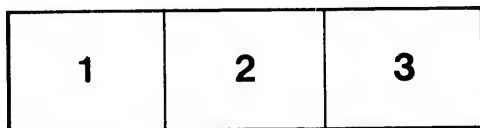
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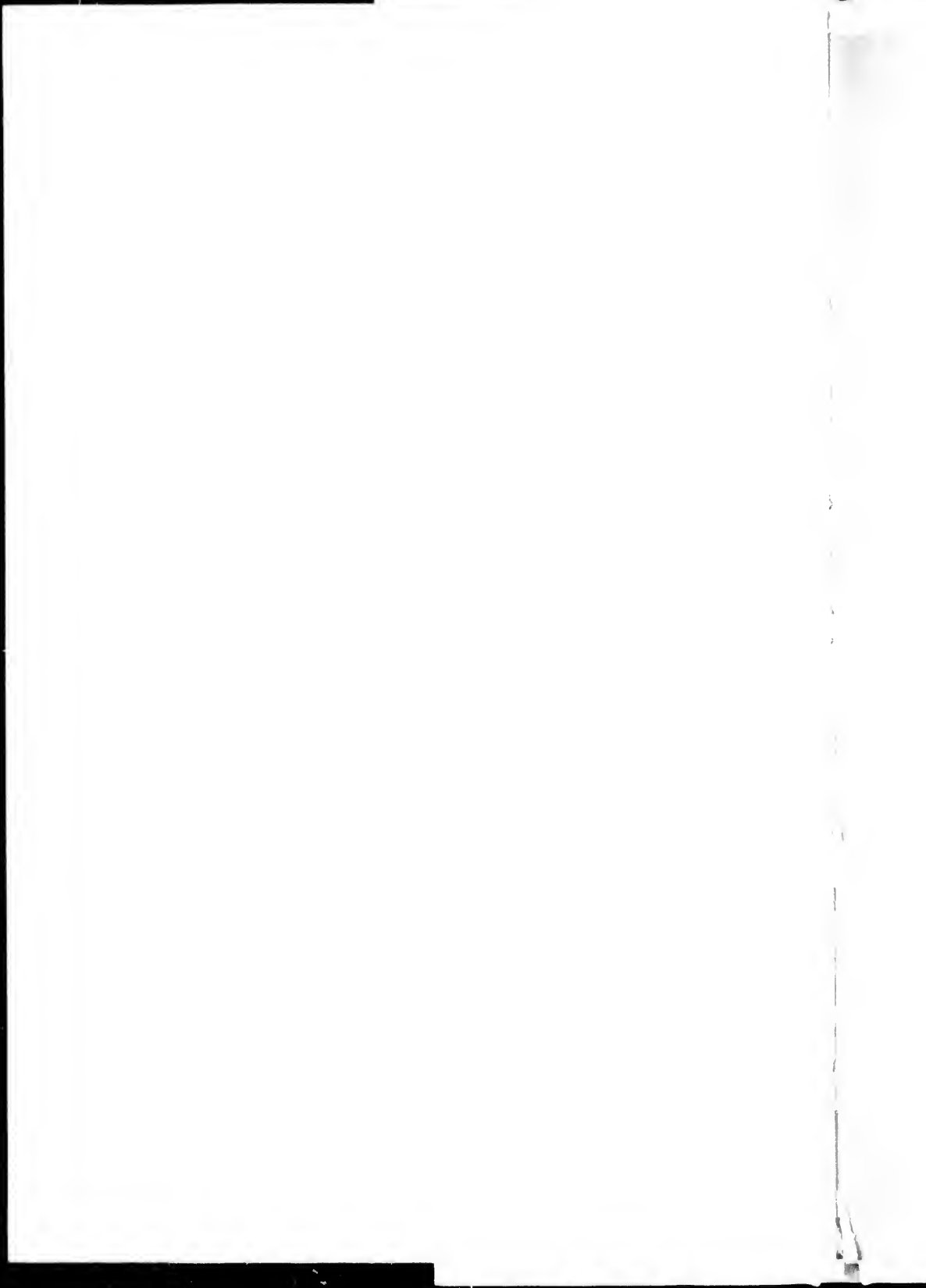
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THE
EARLY HISTORY OF CANADIAN BANKING

CANADIAN CURRENCY AND EXCHANGE UNDER
FRENCH RULE

BY
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QUEEN'S UNIVERSITY
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CANADIAN CURRENCY AND EXCHANGE UNDER FRENCH RULE

I. BEFORE THE INTRODUCTION OF CARD MONEY*

THE general expansion of life in Europe during the fifteenth century, found special expression in the new commercial enterprise which began its rapid development in the latter part of that century and continued through the following one. The various countries of south-western Europe were eagerly over-running the maritime world in search of new lands and that likely treasure with which the experience of Spain had encouraged their imaginations to fill them.

The Norman seaports of France were those best prepared to respond to the expanding trade of the country. The increasing demand for foreign goods, which followed the introduction of Italian luxury and art with the home-coming of Charles VIII, stimulated French shipping. There followed a rapid expansion of the trade and enterprise of such Norman towns as St. Malo, Dieppe, Rouen and Harfleur. Norman sailors roamed the ocean in many directions, but the fisheries of Newfoundland first attracted them to the northern coasts of America. There

* To avoid numerous references throughout the article it may be stated here that the chief sources for this study are the following:—

"Documents relating to the Colonial History of the State of New York," Vol. IX.

"Collection de Manuscrits Contenant Lettres, Mémoires, et Autres Documents Historiques Relatifs à la Nouvelle-France," Vol. I.

"Edits, Ordonnances Royaux, Déclarations et Arrêts du Conseil D'Etat du Roi, Concernant le Canada."

"Jugements et Délibérations du Conseil Souverain de la Nouvelle-France," Vols. I. and II.

"Lettres, Instructions et Mémoires de Colbert." Par Pierre Clément.

"Traité Historique des Monnoyes de France." Par M. Le Blanc.

"Histoire Monétaire des Colonies Françaises d'après les Documents Officiels." Par E. Zay.

Canadian Archives, *Correspondance Generale*, Vols III, VI, VII.

was little in the fishing industry to fire the imagination of romantic knights or excite the cupidity of kings and courts. It was therefore left to be developed into a very profitable trade by private enterprise, while more ambitious schemes were attracting the attention of the court, and squandering French life and treasure in other parts of the world.

When, after a hasty ransacking of America, the search for the still fabled riches of Cathay was once more resumed, efforts were made to get round the American continent which barred the way. Expeditions under royal patronage visited the northern waters of America, Verazzano leading the way in 1526, but vanishing somewhere in those stormy seas on a second attempt. Cartier followed him and discovered that the St. Lawrence route was not likely for some time to prove a successful highway to the East. But the Indians in the neighborhood of Montreal told him, what even then they understood that all Europeans wished to know, that by the shores of great inland seas of fresh water there was abundance of the precious metals. Thus the closing of one avenue of royal interest in Canada opened the door upon another. It also brought to a close the period of prosperous unmolested development of Canadian resources by private enterprise.

It is not necessary to record the list of dismal failures of gold-laced and high-titled schemes which followed, and which called forth the following observation from Montaigne, an interested spectator: "I am afraid our eyes are bigger than our bellies, and that we have more curiosity than capacity: for we grasp at all, but catch nothing but air."

However, in the intervals of these gorgeous failures, there was going on, as best it might, during the sixteenth century, a good deal of private trade with the Canadian shores. The growing luxury of Europe was making a market for furs. These being obtainable at small prices from the Indians, afforded a much more profitable return than the fishing industry, which the fur trade at first supplemented, but afterwards almost supplanted.

Tadousac, at the mouth of the Saguenay, became the centre of the fur trade for a time, and here we come upon the first regular system of exchange carried on in Canada. It was

simply a system of barter. Those early merchant adventurers laid in a stock of goods before leaving France, consisting mainly of arrow tips, swords, hatchets, knives, kettles, cloaks, blankets, hats, caps, shirts, various cloths, biscuit, tobacco, and various other trinkets. At first little liquor seems to have been disposed of. With these they sailed across the Atlantic, exchanging them with the Indians at Tadousac, or at other points, for furs such as beaver, elk, lynx, fox, otter, marten, badger and muskrat. Returning to France they disposed of their furs and repeated the operation the next season.

Trade growing, competition increasing and profits falling, efforts were made by some to obtain from the king a monopoly of the trade, usually on condition of establishing a colony and supporting missionaries. Lescarbot, the first Canadian historian, puts the case for the monopolists in its best form when he says, "Whether is it better to have the Christian religion and the glory of France extended, or to have certain individual merchants grow rich who do nothing for either. These individual merchants will neither plant colonies nor save the souls of the heathen. Further, through the competition of the merchants, beaver is selling at $8\frac{1}{2}$ l, whereas at the operation of the monopoly it was selling at 50 sols ($2\frac{1}{2}$ l)."

This gives the keynote of the general policy for the future. A monopoly of the Canadian trade was to be given to those who would undertake to colonize the country and support missionary enterprises. The earlier holders of this monopoly did little for colonization or the spread of the faith, but interested themselves only in the commercial privileges. Champlain was the first to take any real interest in the building up of a permanent colony in Canada. In 1608 he began at Quebec, the first colonial settlement on the St. Lawrence. In 1609 Du Monts' patent of monopoly, upon which Champlain was working, expired and, as he failed to get it renewed, the following year the St. Lawrence swarmed with private traders eager for furs. So strong was the competition that they ran their vessels up to Montreal in the hope of intercepting fur-bearing Indians. This did not afford a very promising outlook for Champlain's colony, which hoped to live largely by trade with the Indians. However, this first year's experience some-

what checked the ardor of the private traders, though they still continue to come in considerable numbers. In 1611 there were 13 vessels at the head of navigation at Montreal. As these traders had no other interest in the country than the season's profits, their free trade system naturally came in for severe criticism at the hands of Champlain, who pointed out the impossibility of establishing a colony by their methods. Yet, when monopoly was once more established, he found that the various partners through whose hands it passed were actuated by precisely the same motives as the free traders, desiring to use their monopoly privileges to enrich themselves, not to establish a colony.

What few colonists were first settled at Quebec were not permitted to trade with the Indians or with one another; they were not permitted to manufacture articles for sale which might compete with the wares of the company; neither could they send anything to France or receive anything in return, on their own account. They must dispose of their surplus produce to the company and receive goods in return, both selling and buying being at prices fixed by the company. This system involved a very simple form of exchange for both the Indians and colonists. Such regulations effectively neutralized all Champlain's efforts. Only eighteen colonists were taken out during the fifteen years of the monopoly; all others were simply servants of the company. The company itself hardly remained for two years in the same hands, though in one form or another it lasted for fifteen years, from 1612 to 1627. In 1627 we come upon the first truly national colonial policy of France. This was embodied in the colonial scheme of Cardinal Richelieu, the great minister of Louis XIII. Under his direction was formed the "Company of One Hundred Associates," possessing extraordinary privileges and expected to achieve great things. Its purpose was part of a great national policy which had for its object the elevation of France as a nation to the first place in Europe. This policy was certainly successful, but in the concentration of all the forces of the country upon its object it ultimately led to disaster through the disregard of the rights of the individual citizens.

Among the numerous rights which the company obtained

was that of the entire trade in skins and furs, and for fifteen years a monopoly of all other Canadian commerce on land or sea, with the single exception of the cod and whale fishery. The settlers of Canada were thus cut off from all part in the external trade of the country. They were to be permitted to trade with the Indians and with one another, but the beaver skins which they obtained must be handed over to the company, or its agents, at the rate of 40 sols (2 l.) per pound. The people were also forbidden to trade with any others than the Indians.

The capital of the company, which was fixed at 300,000 l., one-third of it paid up and the remainder on call, was the smallest feature in it.

We may gather from these conditions the limits within which exchange would be confined in the colony. There being but one channel, the company, through which all imports and exports were carried on, there could be no occasion for the use of letters of exchange or other medium between Canada and the mother country except for the bringing in of money or capital by the colonists or the sending of contributions from France for religious or other special purposes. All commercial exchange was merged in the business of the company. In Canada itself, after the settlers had ceased to be dependent on the company, there would be occasion for considerable retail trade and a corresponding need for a medium of exchange, especially for small coins.

The dealings with the Indians took the shape of direct barter and the product of that trade passed to the company in exchange for other goods for sustenance and barter. The need for a medium of exchange was, therefore, confined within pretty definite limits. To meet this need there was one article of universal acceptance which answered all the purposes of a medium of exchange, except for small currency, and that was the beaver skin. To a certain extent other furs shared this position, but none so adequately as the beaver, especially when the price at which it was receivable by the company was fixed.

The "Company of One Hundred Associates," though important as expressing in its organization and purpose the general French colonial policy for the next century, was destined to failure from the outset. Its first fleet of ships, coming

with provisions, stores and settlers, was intercepted by the English under Kirke, and nineteen out of twenty vessels captured or destroyed. The following year Canada passed for a time into the hands of the English. The colony contained at the time only five families of settlers and about twenty acres of cleared land.

When Canada was restored to France in 1632, the company resumed its powers, but most of the original enthusiasm had evaporated in the meantime. Its privileges were transferred to a small association within the other, which, following the lines of its predecessors, took little interest in anything beyond the immediate profit from the trading monopoly.

Champlain, who still retained his interest in the colonization scheme, and who had gone out again as the first Governor of the country with 150 colonists, died in 1635, and no one seemed ready to take up his work. However, the Jesuits and other missionaries had now established themselves in the country, and were exciting a new interest in it through their famous letters or relations which were eagerly read throughout France.

In 1644 Montreal was established on a half religious, half military and wholly commercial basis, by a grant from the company to the Seminary of St. Sulpice.

In 1645 the company gave up its trading monopoly to the people of Canada, on condition of being relieved from the burden of maintaining the religious, civil and military establishments of the colony, and of receiving 1,000 pounds of beaver annually. This freedom had for a time a stimulating effect upon trade, but it was soon found that a few Quebec merchants, owing to their central position and control over the foreign trade, enjoyed a virtual monopoly of the colonial traffic. This was further favored by the fact that all furs had to be brought to a central store to be received and taxed, in order to provide for the expenses of the colony and the subsidy to the company.

Notwithstanding these drawbacks, the change greatly enlarged the range of Canadian business transactions and necessitated a corresponding enlargement of the machinery of exchange. Letters of exchange began to pass freely between the colony and France, while the growing contributions from France in support of the missions and other religious institutions, must

have added considerably to the business of exchange. An increasing quantity of coined money must have been coming into circulation at this time, for a little later we find that though still scarce outside the trading centres of Quebec, Three Rivers and Montreal, yet coined money was in regular use, especially for filling in the gaps between uneven barter.

During this time the colony was slowly growing, but after the Iroquois began to harass the outlying settlements, agricultural immigration almost ceased. Quite a number of merchants came to trade but few to settle. From 1650 to 1662 French interest in Canada may be summed up in two words—the conversion of the heathen by the missionaries, and the obtaining of their furs by the merchants.

The troubles of the Fronde distracted France itself and naturally lessened the interest in Canada. During this period money became scarce in France and was considerably increased in value. Values in Canada followed suit, though probably not responding very rapidly or very accurately. In 1653 an edict was issued in France with the object of restoring the currency to its former value, and to that end its nominal value was reduced by one-sixth. In accordance with this edict, the Council of Canada, the following year, July 18th, 1654, passed an ordinance declaring that the gold and silver coins of France having been reduced to their former values, the money in Canada should be reduced to the same basis, there being added to it, however, "on account of the risks of the sea," one-eighth of its value in France. As small coins of copper or other alloy were not affected by this ordinance, we may assume that they did not suffer a similar reduction.

Inasmuch as there was little foreign sale for Canadian products other than furs, and yet a considerable need for French goods, any money which was brought to the colony by merchants or others naturally tended to return to France in payment for goods.

It was to prevent what little money there was in circulation, and especially the small change, from going out of the country, that the Government of the time, following a plan often resorted to in France itself in earlier times, artificially raised the value of all coined money.

An ordinance of the Council of Quebec of October 7th, 1661, states that the means hitherto adopted for attracting money to Canada and retaining it in the country had completely failed. The value in Canada being so nearly the same as that in France, there was no special inducement to bring money and little loss in carrying it away. Hence to remedy this condition, both for the public good and in the interests of trade, the Council ordains that from this time on the quarter ecu should pass in Canada at the rate of 24 sols, and the other gold and silver coins in like proportion.

The quarter ecu was a silver coin, issued in 1602, and discontinued in 1646, the value of which was 16 sols; hence its value in Canada was raised fifty per cent. above its real value in France. But if it had already been in circulation at an increase of one-eighth, or at 18 sols, being now raised to 24 sols, it would be current at an advance of one-third on its previous value in Canada. However, it must have been circulating at more than 18 sols, for we find that its new value was supposed to be approximately an increase of one-fourth on its previous value. This ordinance required the same proportionate increase to be made in the values of all the other gold and silver coins. But such a general statement could not be accurately applied, especially where the existing rates seem to have been but roughly adjusted. Hence it was found necessary the following year, March 20th, 1662, to publish a detailed tariff giving the value at which each gold and silver coin should circulate. These values, according to the ordinance, were calculated on the basis of an increase of one-fourth, "as has been the previous practice." In this tariff the quarter ecu is rated at 26 sols, 8 deniers. From this and other values in the list we learn that they were at least one-third above the standard rate in France. However, from this time till the next change of the law in 1672, these ratings held good, and were understood to be an advance of only one fourth. In making his report on the finances of Canada in 1669, Talon calculates all the funds sent to Canada on the basis of an increase of one-fourth.

These facts will serve to explain, in the few references to money matters which are met with in Canadian documents of the period, statements to the effect that the "money of the

country" was circulating at an increase of one-fourth over the "money of France." They also quite dispose of the commonly accepted idea that in Canada money was first legally raised in value after 1670. The copper coinage was dealt with on a basis of its own.

Two small coins, the sol and the liard, were doubled in value, the sol being made to pass current for 24 deniers by Governor d'Avaugour in 1662, and the liard being rated at 6 deniers apparently at an earlier date. To some extent these regulations had the desired effect, for they virtually made the coins a kind of French goods which the merchants found it profitable to dispose of for furs at their enhanced values. But as the people could not afford to keep on hand anything that would sell or exchange, a great influx of coin was not possible until a larger market was provided for the country's produce. The special values given to the sol and the liard produced their natural effect a little later, as we shall see.

So completely at this time had the national interest in the building up of the Canadian colony died out, that it was seriously proposed to make the country a dumping ground for criminals. To protest against this plan and to urge the claims of New France upon the Government, Pierre Boucher, of Three Rivers, was sent to France in 1662, and there laid the situation before the court. Colbert had become chief minister the year before, and was reviving and improving upon the policy of Richelieu. He resolved to have the king take over the colony from the decayed and indifferent "Company of One Hundred Associates," now dwindled to forty-five. Canada was to be made, as in Richelieu's original plan, an important colony, capable, by the development of its trade and industry, of becoming a large factor in the national expansion of France, especially on the side of her naval power which, like Richelieu, Colbert considered to be an all-important element in the development of a great state.

In 1663 an edict was issued creating the Sovereign Council of Quebec, though a body of more limited powers had been in existence for some time.

In order to obtain exact information as to the actual condition and future possibilities of the colony, Colbert sent out a

special commissioner to make enquiries along specific lines. But even before sending out his agent he was convinced that the transfer of the trading privileges of the company to the people had been injurious to the colony. In their anxiety to get furs the inhabitants neglected the work of clearing and cultivating the soil. Colbert had evidently made up his mind to place the trade of the country once more in the hands of a company. But he desired the people to understand that in any such change the colony would not suffer, as the revenue derived from the fur trade would be expended in the country for its improvement.

Colbert permitted no time to be lost in the execution of his new schemes for the colonial, commercial and naval expansion of French power. In November, 1663, the Marquis de Tracy was commissioned to visit the American colonies, as lieutenant-general, with large powers and ample means in men and materials for the removal of all obstacles, the settlement of all disputes, and the placing of the colonies on a new footing of prosperity and progress. He went to the West Indies first, and did not reach Canada till 1665. In the meantime, however, Canada began to feel the stimulus of the new interest which was being raised in France. Just before this new period there were but 2,500 people in the colony, 800 of whom were in Quebec.

All accounts agree that there was little money in the country up to the year 1664. As already stated, French money in general was considerably over-rated. The need for small change was, of course, the most pressing, for while large transactions might be carried on by barter, it would be a very inconvenient system for small exchanges. The scarcity of money was felt in all the colonies, but a general remedy was first definitely sought and applied by Colbert. The suggestion for it seems to have come from the colonies themselves. The plan adopted followed the practice already established in Canada. The most pressing complaints, however, came from the West Indies.

In the year 1663, in which Colbert began to unfold his ideas of colonial expansion, an arret of the Council (in France) was passed, providing for the coining of 100,000 livres worth of money in silver and copper, for the use of the West Indies. But it did not take effect at once, the organization of the new company suspending all other matters for a time.

Meanwhile in Canada, increasing trade seems to have brought more money to the country. It naturally took the form of the cheapest coin—cheapest in France, dearest in Canada—being at the time sols, liards and doubles. In consequence of this extra importation we find an arret of the Sovereign Council of Quebec, passed April 17th, 1664, reducing the value of the liard to three deniers, it being previously current at six. In connection with this it is explained that both the liard and double were greatly over-rated on account of the previous scarcity of money, but that now certain people were making a trade of bringing in large quantities, and fearing that it might increase to the ruin of the colony this reduction is made.

On July 17th of the same year another arret is passed again reducing the liard from three to two deniers, in order, it is said, to prevent the profit on it from leading to its greater import. The normal value of the liard was three deniers and of the double two deniers, and as they seem to have circulated in Canada on a common basis, the only one upon which there could be a profit at three deniers was the double which appears to be aimed at in this arret.

At the same time the merchants of Quebec were anxious for the introduction of more money in general, and in a petition to the Council, in France, June 14th, 1664, we find a characteristic French-Canadian request, to the effect that since the colony had now a little surplus grain his Majesty is asked to send out a regiment with money to buy and eat it in the country. They complain also that owing to the scarcity of money they can not get their debts collected. This was evidently true enough, because we find that on Nov. 17th a complaint is presented to the Council on behalf of the farmers living at a distance from Quebec. Owing to the want of mills in many districts the farmers were forced to come to Quebec to get their grain ground, and it was complained that the grain was seized upon by the merchants in payment of past debts. The Council forbade the seizures until mills should be erected.

Just here it may be noted that wheat was at one time a limited legal tender in Canada. By a determination of the Council of Quebec, July 30th, 1664, fixing the price to be charged for goods sent out by the king, a difference is made in some cases

between the price in money and the price in grain. For instance, a tub of lard was valued at 80*l.* if paid for in grain and 75*l.* if paid for in money. Further light is thrown upon this point by a complaint presented to the Council to the effect that, there having been an *arret* established that wheat should be taken at the rate of 100 *sols* (5*l.*) per *minot* in payment of old debts, as also to facilitate the carrying on of business in the country, this was found to be very prejudicial to business, inasmuch as the price of wheat was inconstant. After considering this complaint the Council ordained, May 29th, 1665, that for the future those who were obliged to receive payment in wheat should be required to accept it only at current prices. The *arret* here referred to was evidently an ordinance of the Intendant Talon, who wished to provide an opportunity for the settlers to make use of their surplus products for the purchase of supplies. The making of wheat a legal tender at current prices was obviously a very indefinite settlement of the difficulty and could hardly have worked smoothly. At any rate we find, on March 19th, 1669, an ordinance passed, requiring the merchants to take the wheat of their debtors in payment at the rate of 4*l.* per *minot*. Talon brought the matter up on the ground that some creditors were refusing to take wheat in payment of debts, or, if so, at a very low price. The ordinance, however, was to hold good for only three months from the date of its issue.

We have seen that Colbert believed that the commerce of the colonies could best be promoted by the establishment of trading companies. But instead of a number of small independent companies he proposed to establish two strong companies, one for the East and the other for the West Indies. The West India Company, which covered all the American colonies and part of Africa, was formally established on May 28th, 1664, and was even more favored by the government than Richelieu's company. Yet, notwithstanding all its extraordinary privileges and favors, it became bankrupt in eight years, and in 1674, the king resumed all the grants made to it. Though Canada was granted as a feudal possession to the company, yet the king continued to nominate the Governor and Intendant and otherwise direct the development of the colony.

The company being fully established, Colbert resumed

consideration of the plan for a separate colonial coinage. In 1665 we find an arret of the Council which ordained the issue, from the mint in Paris, of a special coinage to the extent of 100,000*l.*, exclusively for circulation in the countries granted to the West India Company. In the explanation which accompanies the arret it is stated that, from what the company represents, it is necessary to send to the islands and mainland of America a quantity of small coins, especially for the convenience of the working people. In the West Indies they were accustomed to receive their wages in sugar and tobacco, which were saleable only in France, whence the returns came the following year. As the other colonies paid their laborers in money, there was a tendency to leave the French Islands. It is also pointed out that money current in France would not remain in the colonies, those who trade to them being more anxious to bring back money than goods. Hence the king has been requested to issue a special coinage for the colonies which should have a distinct stamp and be artificially raised in value in order that there might be no inducement to take it out of the country.

This arret was not put in execution before 1670, when the king issued a declaration that he was about to strike a special coinage for the islands and mainland of America. It reproduces much of the explanations in the arret of 1665, but adds, among other things, that the issue was to consist of two silver coins, one of 15 sols and the other of 5 sols and a double of copper of the value of two deniers. These coins were not to be taken to France on pain of confiscation and special punishment.

Though some of this new coinage was apparently used in Canada, yet it was specially intended for the West Indies, as may be gathered from the correspondence with Talon. In Colbert's letter of instruction to M. de Bouteroue, when going out to Canada as Intendant, and dated April 5th, 1668, he says: "With reference to the money it will not be necessary to make any considerable change in a country so undeveloped as that, but it will be necessary to take particular care that any evil, should there be any such there, should not increase, while at the same time he must seek to reduce it gradually."

We have already seen how the threatened over-supply of

liards was prevented, by reducing their value. After the arrival of de Tracy and the troops that came with him, apparently with their pockets filled with cash, money became more plentiful in Canada. According to the *Mère de l'Incarnation*, writing at the time, "Money is common at present, the gentlemen have brought much with them. They pay in money for all they buy, as well for their food as other necessaries." In consequence of this and the increasing trade, the colony was next threatened with an over-supply of sols which, as already explained, were circulating at double their normal value. On January 10th, 1667, complaint is made to the Council of Quebec, that the sols are being brought from France in large numbers while other coins are taken away, until there is now almost no other in circulation. The Council ordains that from the first of February next, sols shall be current for only 20 deniers each, but for the rest of this month (January) they will be received by *Sieur de la Chesnaye*, in payment of public dues, at the old rate of 24 deniers. On the 31st of January it was found necessary to make special arrangements to give warning of the change and to extend the time for receiving the sols at the old value, for the benefit of Three Rivers and Montreal.

Though the reduction on the sols was slight as compared with that on the deniers, yet it evidently affected the people to a much greater extent. A very general complaint seems to have been raised by the people on account of the loss with which they were threatened by the reduction about to be made. A subscription was opened, headed by de Tracy, the Governor, the Intendant, the West Indian Company and a number of others, to provide a fund to meet these losses on the part of the poor people. Incidentally this indicates that money was now freely circulating among all classes in the colony. The same fact is further illustrated by a matter which came before the Council on Oct. 29th, 1668. The price at which the Company was to receive beaver had been fixed at 10*l.* per pound for the best grade. The company claimed, however, that all they could get for it in France was 8*l.* per pound. Hence to prevent themselves from suffering loss they had raised the prices of their goods in like proportion. But it was pointed out before the Council, that, inasmuch as now-a-days people no longer always purchased their

goods with beaver but often with money, this practice was obviously unjust to the cash buyers. This being recognized, Talon proposed to reduce the price of beaver to *gl.*, on condition that the company should reduce the price of its goods; which being agreed to, the Council fixed it by an Act.

Returning to the matter of a special coinage for the colonies, which had taken practical shape in the West Indies in 1670, it would appear that the king had originally intended to make a special issue for Canada as well. In a memoir addressed to Colbert, dated Nov. 10th, 1670, Talon says that when he was in France the king had declared his wish to have a coinage struck suitable for the country, and which would remain in circulation in it. He considers that such a measure would be of the highest benefit to the country, and promises to do his duty in the matter when the necessary orders are issued.

In another part of the same memoir he intimates that the merchants of Canada are very anxious that the sum annually set aside by the king for the assistance of the colony should be sent out in the shape of money, not in the form of goods. The reason for this was that the merchants desired to have the entire supply of goods in their own hands. This, Talon says, would simply result in the people paying twice as much for their supplies as the rate at which they are now furnished from the king's stores. Besides the present arrangement permits him to exchange the goods for grain with the settlers. He has undertaken to send goods to convenient places for exchange and to bring back wheat. Without doing this some of the new settlements would be entirely ruined. This plainly indicates that Talon was the author of the ordinance, already referred to, making wheat a legal tender at a certain price. It will be observed that there is no lack of harmony between Talon's approval of a special coinage for the colony and his disapproval of having the king's contribution to the colony sent in the shape of money, which, under the circumstances, would simply return to France for the purchase of fresh goods for the merchants.

Replying to Talon the following spring, 11th Feb., 1671, Colbert says: "Before the king can adopt any resolution with reference to the striking of a coinage for Canada, it will be necessary to know the required denomination and weight, also

the circulation it would probably have in the colony. After that His Majesty will announce to you his intentions on the subject." This would seem to indicate that the coins already struck for the West Indies were not intended for use in Canada.

In a letter to Talon the following year, dated June 4th, 1672, Colbert writes: "His Majesty has considered the proposal to strike a special coinage for Canada, and as he considers it good and advantageous, he will issue the necessary orders to have it struck and sent out the following year." This purpose, however, was never carried out. It was apparently determined in the meantime to have the ordinary coins of France circulate in the colonies at an enhanced value. Thus we find an arret passed by the Council of State, Paris, 18th November, 1672, stating that the money issued for the Islands, etc., has been found to be of very great benefit, hence not only is it to be continued, but the current money of France is to be permitted to circulate there also, but with increased values; the piece of 15 sols to pass for 20 sols, the 5 sol piece to pass for 6 sols 8 deniers, and the sol of 15 deniers to pass for 20 deniers, and other pieces in proportion. Henceforth all exchanges or contracts are to be reckoned in money, and not in sugar or any other goods. The sol of 15 deniers here mentioned was already increased one-fourth of its standard value.

Charlevoix says that this arret was made to apply to New France, and that in consequence the value of money increased one-fourth in Canada and resulted in much confusion in all the exchanges with France. Here, however, Charlevoix is partly mistaken, because for ten years at least the French money in Canada had been circulating at an advance of one-fourth or over. As we have just seen, the sol, the chief coin of the country, was reduced from 24 to 20 deniers, which is the value to which the arret raised it. In the introduction to a memoir on the card money prepared for the Council of Marine and given in Zay, considerable confusion is also found, the information obtained being either inexact or misunderstood. It is supposed, for instance, that the distinction between money of France and money of the country came in with the arret of 1672, which was certainly not the case, as there are numerous instances in which this distinction is mentioned from 1654 on.

Money becoming a customary medium of exchange, merchants were less willing to accept produce in lieu of it. We have already noticed that objection was made to taking payment in wheat. After 1672 contracts were being drawn requiring payments to be made in money. The two staple skins of the fur trade were the beaver and moose, which were receivable at fixed prices by the treasury of the colony, whether under company management or not, and afforded the chief basis for taxation at the rate of one-fourth of the beaver and one-tenth of the moose. The beaver seems to have been accepted in ordinary trade without much question, but after 1672 the merchants were beginning to refuse the moose skins. Hence the Council found it necessary to pass an *arret*, Sept. 27th, 1674, ordaining that the moose skins should pass current as a legal tender at their market price, and prohibiting anyone from refusing to accept them in payment of debts.

An agitation was made in 1679-80 to have a reduction made in others of the current coins, especially the four-sol piece, which it was sought to bring to its value in France. This, however, was refused, and on December 2nd, 1680, an *arret* was passed requiring that all coins should circulate in Canada at the same rate, namely, at an increase of one-third of their value in France. As we gather from subsequent ordinances, this was apparently intended to apply to foreign coins as well.

After Duchesneau became Intendant he proposed to the Government to send out to Canada 30,000 crowns, in order to increase the money in circulation; to which Colbert replied, on April 28th, 1677: "That which you propose with reference to the money, namely, the sending of a sum of 30,000 ecus to Canada, is not thought expedient. It is necessary that the trade, labor and industry of the people should attract money into the country. You yourself admit that Canada is as fruitful as France, and in addition to being able to produce all that France can, it has the fisheries." The truth was that Colbert, compelled to find money to support the operations of Turenne and Condé in Europe, had none to spare for the colonies.

At this time Canada was anticipating Colbert's advice to attract money to it by trade, although it was in a direction not at all relished by France and one that was to cause no end of

trouble for the future. Canadian traders had discovered that the English and Dutch merchants of Albany, Boston and New York were anxious to buy furs, and at much higher prices than could be obtained in Canada. They were willing also to pay for them either in dollars (piastres) or in goods, the goods being cheaper than in Canada. Further, by selling to the English the tax of one-fourth on the beaver would be escaped. Under these circumstances a very lively trade was developed with the English colonies. Against this traffic the Government, both in France and Canada, directed all its verbal engines, but without much success. The highest officials in the colony, Governor and Intendant included, mutually accused one another of taking part in this illicit trade for personal gain. As one result of this traffic a steady stream of Spanish coins began to pour into Canada, consisting chiefly of the piastre or Spanish dollar and its fractions, one-half, one-fourth and one-eighth.

The farmers of the revenue were naturally much disturbed over the loss of revenue through the loss of beaver. The merchants of Quebec interested in the trade with France were also aggrieved, as it meant a loss of profit to them on both exports and imports. It was found, too, that though the English were paying high prices for beaver, yet they were unloading on the French traders all their worn and light coins. Numerous complaints were presented to the procureur general, and through him to the Council, on account of the merchants refusing to receive the coins. Hence an arret was passed September 17th, 1681, supplementing that of December 2nd, 1680, ordaining that all foreign money, gold or silver, should pass by weight, but increased by one-third of its value, according to the usage of the country. The full piastre was to be accepted at 3l. 19 sols 1 denier, while the light coins were to be reduced in value at the rate of 11 sols for every grain which they lacked in weight. It was forbidden to any one to refuse to accept these coins at this valuation.

In a country like Canada where it was simply impossible to ascertain the weight of coin in every transaction, this ordinance could not be worked. But, though this was soon discovered, yet owing to the quarrels between the Governor and Intendant, the business of the Council was so obstructed that it was not till January 13th, 1683, when de Meulles had succeeded Duchesneau

as Intendant, that the matter could be remedied. The agent of the farmers of the revenue desired the Council to treat all foreign coins as France did, by entirely prohibiting their circulation. This, however, the Council refused to do unless the farmers of the revenue would undertake to buy up all the foreign money then in the colony, which of course they were not prepared to do. Hence the Council ordained that the piastre should pass current for four livres, if of full weight, and at decreasing rates according to the degree of their lightness. To get over the difficulty of constant weighing, they were to be stamped with a *fleur de lis*, and those of light weight were arranged in four classes, to be distinguished by Roman numerals stamped on them, while a scale of value was arranged for them. Similar provisions were made for the fractions of the piastre. None were to circulate without being stamped, and none to be refused that bore the stamp.

This arrangement seems to have settled the difficulty for the time. Governor De la Barre, writing to M. de Seignelay, in November, 1683, thus refers to the matter: "We experienced serious embarrassment in the month of January last in regard to dollars. They were here in some number, and a quantity of them being light caused considerable disorder among the lower classes. It not being customary in this country to weigh them, induced the Intendant and me to assemble an extraordinary session of the Council, at which it was resolved, subject to his Majesty's pleasure, to have the dollars of weight marked with a *fleur de lis*, and those which were light with some cypher fixing their value. This was done and is now in operation without any noise or difficulty."

This brings us to the eve of the introduction of card money in 1685, the nature and effects of which will be considered in the next paper.

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