

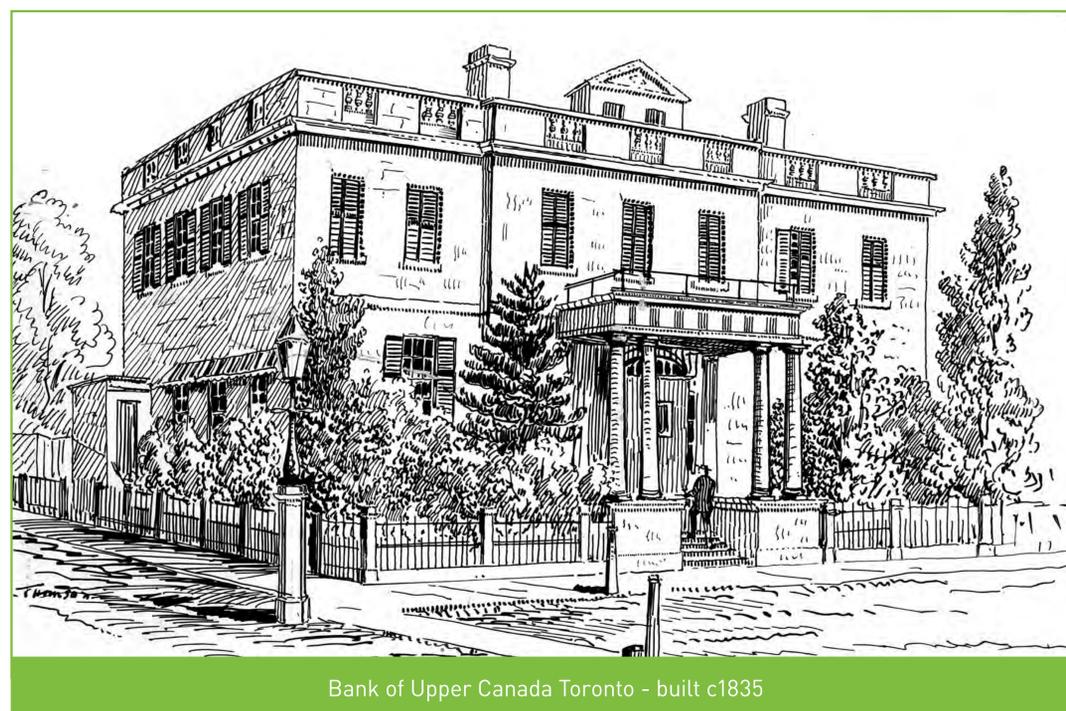
# BANKING

## IN UPPER CANADA

By the time the first settlers had arrived in the area we now know as Cobourg, the most common currency was "bons", a sort of promissory note named from the French phrase *bon pour* meaning *good for the indicated amount*. English, American and Spanish coinage was also generally accepted.

Needing a better source of money to finance the War of 1812, Isaac Brock, the administrator of Upper Canada introduced what became known as *army bills*. These bills were accepted in both Upper and Lower Canada and after the war were redeemed in full.

In 1817, Montreal bankers were granted a charter by the British government to open **the first formal bank in Canada**. Because of its monopoly rights, the Bank of Montreal essentially acted as a central bank for both Upper and Lower Canada.



Bank of Upper Canada Toronto - built c1835

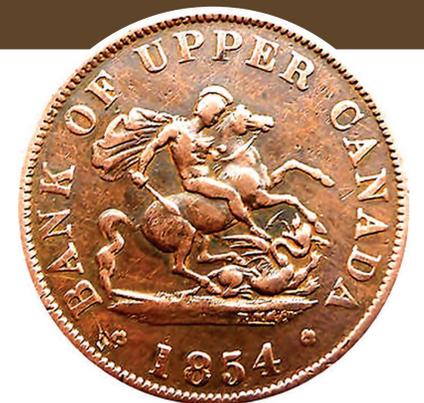
## IN COBOURG

Merrill Denison, in his two volume *Canada's First Bank* records that:

*The Bank of Montreal came to Cobourg in 1840, attracted possibly by the resourcefulness of its inhabitants who had received several patents during the 1830s for inventions in the fields of transportation, carpentry and agriculture.*

But before that, other banks had been chartered, including the **Bank of Upper Canada** in 1821. It became known as the "*bank of the Family Compact*" (i.e. the rich and powerful). However, its first representative in Cobourg, **James Gray Bethune, was sympathetic to the settlers' banking needs**. Not surprisingly, his lending policies often ran counter to bank policies. Bankruptcy and a brief stay in debtors' prison ruined Bethune's good reputation and he moved to New York State where he died.

**The first private bank in Cobourg** is believed to have been opened opposite St. Peter's Church of England in the early 1830s by "Squire" Robert Henry, a retired factor of the Hudson Bay Company. He reportedly introduced the practice of paying cash for wheat, which proved a great drawing card for the



"Squire" Henry's home, built c1833 - burned down in 1994

As usual, ready cash brought its temptations, and Henry's bank was on the "hit list" of the group known as "the Cobourg Conspirators". In the wake of the Upper Canada Rebellion of 1837, a small group of Americans, encouraged by disgruntled Canadians, planned a clandestine attack on Cobourg. Squire Henry's bank was to be a prime target, after which they would "dispose of" two prominent members of the Family Compact. The conspirators did land just east of Cobourg, but were discovered before any harm was done. A trial led to the ringleader being sentenced to seven years hard labour in the penitentiary.

A "Schedule of Real Estate for Sale 1833" listed the following banks as operating in Cobourg:

*An office of the Bank of Upper Canada, and an Agency of the Commercial Bank of the Midland District. There are settled in Cobourg, and vicinity, many respectable and opulent English, Irish, and Scotch families. The society of Cobourg and vicinity is considered equal to any in the Province.*



The Commercial Bank, headquartered in Kingston, collapsed just months after Confederation, causing the resignation of A.T. Galt, our very first Minister of Finance.

In 1848, with a population of 3,444, Cobourg experimented with issuing its own money in the form of municipal notes or debentures. Like most other towns, Cobourg and its people were facing a severe shortage of ready cash with which to transact business. In Cobourg's case the situation had been made more difficult by the arrival on their beach of thousands of Irish immigrants for whom they had to take responsibility.

Some of the wealthier residents underwrote the municipal notes, issued in 5 and 10 shilling denominations. An editorial in the Cobourg Star on April 12, 1848 commented:



*We are happy to find that our Corporation have come to the conclusion to issue a small amount of Notes to their creditors, who being of the poorer class, have been very much cramped for the want of the smaller sums due them for labour.*

## IN CANADA

With Confederation and the British North America Act of 1867 the **new federal government took control over coinage, currency**, bills of exchange, promissory notes, banking, and incorporation of banks. This allowed for the creation of a uniform currency across Canada. Official Canadian currency took the form of the Canadian dollar in 1871, overriding the currency of individual banks.

Canada's banking system developed very differently from that of the United States. Whereas in the United States a large number of small banks served just one town or state, Canada's banking sector came to be dominated by a few banks with transcontinental branch networks. **The Canadian system promoted stability and produced far fewer bank failures, but was much less competitive.**

Harwood, July 10th, 1857. Administrator. 38

### DECIMAL CURRENCY.

**T**HE PROVINCIAL LEGISLATURE having passed an Act requiring all the ACCOUNTS-OF THE GOVERNMENT to be kept in DOLLARS and CENTS, from the FIRST of JANUARY next, it is desirable that the same system of Accounting should be generally adopted throughout the country.

The BANKING INSTITUTIONS have, therefore, resolved to make a similar change, to take effect at the above mentioned period, and they request that parties transacting business with them will have the amount of all Bills or Notes intended for Discount or Collection, and falling due on and after the first of January next, expressed in Dollars and Cents. It will also be necessary that all Cheques and other forms, in use for Banking purposes, be adapted to the Decimal System.

1st May, 1857.

For the Bank of Montreal—D. DAVIDSON, Cashier.  
 For the Bank of British North America—THOS. PATON, General Manager.  
 For the Commercial Bank of Canada—C. S. ROSS, Cashier.  
 For the Bank of Upper Canada—THOMAS G. BRIDOUT, Cashier.  
 For the City Bank—F. MACCULLOCH, Cashier.  
 For the Quebec Bank—C. GETTINGS, Cashier.  
 For the Gore Bank—A. STEVEN, President.  
 For La Banque du Peuple—B. H. LAMOINE, Cashier.  
 For Molson's Bank—WILLIAM MOLSON, President.  
 For the Bank of Toronto—A. CAMERON, Cashier.  
 For the Niagara District Bank—THOMAS R. MERRITT, Vice-President. 23

**Cigars! Cigars! Cigars!**

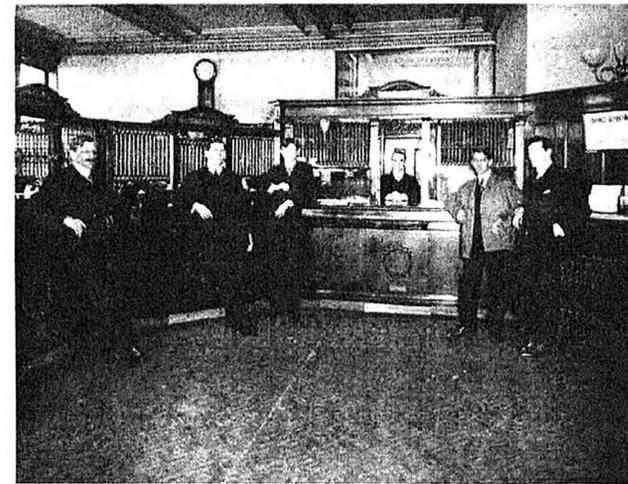
On January 1, 1858 decimal currency was instituted.



In 1891 the Dominion Bank issued a \$5 bill depicting Cobourg Harbour.



In 1871, when a major fire devastated the McCallum Block and the Jeffrey's Block on King Street, the Bank of Toronto office moved into Victoria Hall. Once the bank was able to move again that office was taken over by the Honourable James Cockburn, Cobourg's Father of Confederation. Possibly it is the room now preserved as the Cockburn Room.



The above picture of our Cobourg, Ont. office, which appeared in the local paper of July 17th last, was taken in March 1908. The members of the staff at that time were (left to right): - E. W. Hargraff, Manager; J. E. O'Rourke, Junior; G. A. Ross, Ledger-Keeper; J. Stewart, Teller; the late M. A. Hewson on the cash book who later became Cobourg Postmaster till his death; the late E. L. MacNachtan, counties' clerk who preceded W. Barr. Mr. J. Stewart is the only one still on the staff—he is Manager of our Queen and Spadina Branch, Toronto.

Bank of Toronto, Cobourg 1908

Newspaper stories and business listings show the **arrival, departure and mergers of banks in Cobourg** over the years.

- 1871 Bank of Toronto; Royal Canadian Bank (collapsed - 1880)
- 1895 Bank of Toronto; Dominion Bank
- 1907 Bank of Toronto; Dominion Bank  
Metropolitan Bank (acquired by Bank of Nova Scotia - 1914)  
United Empire Bank (as Union Bank of Canada,  
merged with the Royal Bank of Canada - 1924)  
Standard Bank (sold to Bank of Montreal,  
Toronto-Dominion Bank & Scotiabank - 1990s)
- 1977 *The banking situation has now stabilized with the following banks in operation: Toronto Dominion Bank; Bank of Montreal; Royal Bank of Canada; Canadian Imperial Bank of Commerce and Scotiabank - **these banks are all still in operation in Cobourg today.***

In contrast to Cobourg, neighbouring Port Hope has shown some long term



bank stability. The Royal Bank of Canada **recently celebrated 125 years at the same location.**