



**NOTES
ISSUED BY THE
CORPORATION OF THE CITY OF TORONTO
by
Robert J. Graham**

The notes of the Corporation of the City of Toronto were spawned by the financial troubles of 1837. A severe economic reversal in Great Britain and President Jackson's radical banking experiments in the United States caused the crisis in Canada, and it was compounded by the progress towards rebellion in the colonies of Upper and Lower Canada.

Specie was at a premium and had disappeared from circulation, making ordinary transactions difficult. Merchant's scrip was being circulated to take the place of coin. The redemption of bank notes in specie was temporarily suspended, and loans were severely restricted.

Business was badly hampered by the lack of coin in Toronto as elsewhere, and the city council found its application for a loan for needed public works rejected by one bank after another. The city was not considered to be an undesirable customer or financially irresponsible; the banks were simply forced out of the loan business by the adverse conditions of the time.

In order to provide itself with funds, and incidentally to help meet the need for change, city council decided to issue small denomination notes, not exceeding five shillings, to a total value of £1500 cy. These notes were payable in six months with interest calculated at six per cent per annum. Many notes were redeemed before the due date, in which case the holder forfeited the interest, and the city thus enjoyed the free use of his money during the time the note was held. Records of "interest saved" by premature redemption were carefully maintained, and this saving probably gave city council the motivation to continue to issue notes.

The notes were released in the spring of 1837 and circulated freely, being particularly welcomed by the hard-pressed business community. Dissatisfaction was expressed from at least one quarter, however. Truscott, Green & Co. of the Agricultural Bank, objected to the issue and undertook legal proceedings to have it stopped.

ROBERT J. GRAHAM was born in Collingwood, Ontario. He was educated at the University of Waterloo and Queen's University receiving a B.Sc. and a B.Ed. He is a teacher by profession. He has a strong interest in Canadian currency which has been retained since childhood. He has done considerable research on the history of early banks in Canada and has numerous articles published. He is a principal author of the new book, *THE CURRENCY AND MEDALS OF NEWFOUNDLAND*.

Mr. Graham is a Fellow of the Royal Numismatic Society and a Fellow of the Canadian Numismatic Research Society.

City council responded by petitioning the Legislature to give the issue legal status. The act incorporating the City of Toronto was amended by the Legislative Assembly of Upper Canada, giving the city the power to issue notes. The firm of Truscott, Green & Co. failed a short time later; its downfall could not, however, be attributed to the circulation of notes by the Corporation of the City of Toronto.

No notes of this first issue are known to have survived. No details of the designs, engraver or even the denominations are known. An inference concerning the denominations issued may be drawn from a petition received by city council from a group of merchants the following year. Because of the extreme scarcity of change these merchants sought an additional issue of Corporation notes in the denominations of 7½d. (12½¢), 1s.3d. (25¢) and 2s.6d. (50¢). It is possible that these had been the denominations issued in the spring of 1837.

The merchants were concerned that if the city did not issue small denomination notes, other parties less likely to redeem their paper would act to fill the void. The city council did not issue any more fractional notes, probably because of pressure to issue notes in denominations not less than five shillings, to conform to a restriction imposed on the banks. In any case, one of the signers of the petition, Watkins and Harris, proceeded to issue their own scrip in these same denominations.

In September 1837 that Standing Committee on Finance and Assessment reported to city council that an amount of £4000 was required to pay debts owed by the city and to make various necessary improvements that year. The Farmers' Joint Stock Banking Company had turned down an application for a loan, and the committee then recommended that the issue of £4000 in Corporation notes be authorized. City council adopted the recommendation by the meager majority of a single vote. The hesitancy of some council members thereafter disappeared, and motions concerning future note issues generally passed by overwhelming majorities.

The notes of this second issue of 1837 were in denominations of five shillings currency (\$1) and ten shillings currency (\$2). They were printed by Burton, Gurley & Edmonds of New York.

This and succeeding issues of Corporation notes were payable one year after date, with six per cent interest. They were issued with many different manuscript dates each year. The notes were usually redeemable at any time before the due date, provided that the necessary cash was available in the city coffers, but the interest was then forfeited. Notes redeemed within two months of the date of issue could be reissued or replaced; all others were withdrawn and destroyed. Additional note issues were authorized annually against anticipated revenues, to replace the redeemed notes and, in many cases, to provide funding for public works including the erection of market buildings, installation of gas works, and sewer construction.

Notes of the same denominations and designs were again printed by the firm of Burton, Gurley and Edmonds, to the extent of £6000 in each of 1838 and 1839. Alderman George Gurnett was paid £20 for his expenses incurred in travelling to New York to procure notes in July 1839.

In 1840 or 1841 it was decided to have the Corporation notes printed locally, which necessitated preparation of a third plate, also consisting of the \$1 and \$2 denominations. This plate bore the imprint of J. Ellis, a Toronto engraver, vertically at the left of each note. The \$1 note was a copy of the Burton, Gurley & Edmonds design, the most noticeable changes being the shapes of the counters and the comparative crudeness of the engraving. The \$2 denomination was of a new design rather than being a copy of the existing note, and was also executed in a primitive manner.

The year in which these locally produced notes first appeared cannot be stated precisely, for the want of both records and notes. Only four notes of this issue type are known to the author; of these, one is a counterfeit and another is a dated remainder. The earliest is a \$2 note dated 27 November 1843. Yet we may be reasonably certain that the notes of this issue were being produced at least as early as 1841. In that year the city accounts report a sum of £22.1.9 owing to Watkins and Harris, for paper on which Corporation notes were printed. This may have been paper left over from Watkins and Harris' scrip issue.

Counterfeiting appears to have become a problem with notes of this issue, perhaps inspired by the crudeness of the genuine notes. The counterfeits may be distinguished by their faded, washed-out appearance, and by the imprints, which are very faint or missing completely.

The issue of 1847 was the last to be printed from the plate in use since 1840-41. It was quite worn out, and a new plate was absolutely necessary. The Standing Committee on Finance and Assessment suggested in May 1848 that advantage be taken of the Mayor's planned visit to New York City by having him place an order for a four/on steel plate, with denominations \$1.\$1.\$2.\$4. The cost of engraving this plate was £125.

The new notes were provided with different designs from those previously in use. The engraver of the plate is not known, but the notes were printed in Toronto by John Ellis & Co. whose imprint appears on them. The Ellis shop was located at 8 King Street West.

Even at the time city council was procuring the new plate in 1848, the finance committee had become convinced that the issue of Corporation notes should be discontinued. A further issue was authorized, but with the recommendation that all of the notes should be redeemed as soon as practicable, to be replaced by debentures. An act to provide for the gradual redemption and partial reissue of Corporation notes was passed unanimously in 1850. The final issue of notes occurred in 1852. No notes of this date are known to have survived.

As the issue of Corporation notes was being terminated, the notes in circulation were quickly retired. By 1859 all but £1,150 (or \$4600) had been redeemed. Of these it was believed that the greater part had been lost or destroyed and would never be presented for payment. At this time all by-laws providing for the issue of Corporation notes were repealed, together with other expired by-laws.

TORONTO SESQUICENTENNIAL SOUVENIR CARD SPONSORS



The Canadian Paper Money Society is a non-profit educational society interested in all matters related to the issuing of banknotes and other paper money. The Society publishes a quarterly Journal and regularly holds educational seminars on the history of paper money, bank issuers, counterfeiting, care and

preservation of banknotes. The Society also sponsors exhibitions and conventions, the latest of which, in 1981, attracted delegates from 23 countries. The membership of the Society includes archivists, museum curators, students, researchers and collectors. Further information available from:

The Secretary,
Canadian Paper Money Society,
Box 3951, Station C,
Ottawa, Ont. K1Y 4P2

NUMISMATIC EDUCATION SOCIETY OF CANADA

The souvenir card is being distributed through the facilities of the Society – the publishing arm of the J. Douglas Ferguson Historical Research Foundation. The Foundation, established in 1971, is a non-profit educational society that fills the need in Canada for financing research and study, for providing funds for publishing and related activities in the numismatic field.

The Foundation's prime objective is to give financial support to a broad range of activities aimed at preserving our heritage as it relates to early historical currency, banks and other issuers of money; also to the coins, tokens and paper money issued throughout Canada since the 18th Century.

The proceeds from the sale of the Toronto Sesquicentennial Souvenir card will be used entirely for educational purposes. To order Souvenir cards, write:

Numismatic Education Society of Canada,
P.O. Box 704, Station B,
Willowdale, Ont. M2K 2P9