

Q. Have you an opinion?—A. I would not express it, because it might not be the right one. I do not think I am in a position to judge.

Q. That is, you may have a tentative opinion, but you have not sufficient confidence in it to express it?—A. That is right.

Q. I do not think it is worth while to pursue this inquiry any further along this particular line—A. Very well.

*By Mr. Spencer:*

Q. During your cross-examination this morning, Mr. Saunders, a few questions occurred to me that I would like to ask you. You made the statement that the borrowings through the Finance Act were a second charge on the assets of a bank?—A. Yes.

Q. Then it would come after the notes, and before the Government deposits?—A. No, it is among the Government claims. First is the call of notes in circulation, and then the Dominion Government, and then the Provincial Governments, and fourth come the other claims.

Q. You mentioned that the Finance Act was being used a great deal a few years ago, and to-day it was being used little, comparatively speaking?—A. Yes.

Q. Can you tell me when it is used more, when the country is prosperous, or when we have adverse conditions?—A. It would be used more when the country is prosperous. In November, 1920, as I told you this morning, that was the peak of all the years. The banks had loans under the Finance Act amounting to \$123,000,000. If you will recall, Mr. Spencer, in 1920 everything was booming; it was after the war and there was inflation in prices and business was booming a little, which naturally required more money. The dollar was worth less, and it required more dollars to carry on business.

Q. That was my opinion. Then, Mr. Saunders, you would say that the banks find it profitable to borrow through the Finance Act?—A. I think they find it more useful in being able to meet business that is offered to them, when their own resources would not permit. They cannot find it very profitable, because they are so eager to get it back into our hands to save the five per cent interest rate.

Q. Otherwise, when business is booming, they are only too ready to make loans, and they deposit the securities with the Treasury Board?—A. Yes.

Q. You said that the banks made the most use of this privilege through having large legals for clearings?—A. Yes.

Q. Rather than placing the Dominion notes in the Gold Reserve and issuing their own notes against them I think the inference you left was that they used the most of them for clearings.—A. For both purposes, but in a great many cases just for bank clearings. That would be to save turning in their own small notes and taking them to the Clearing House to liquidate their liabilities.

Q. At the same time, in round figures, I believe we have about \$9,000,000 in the Gold Reserve and about \$50,000,000 in notes and paper?—A. Yes.

Q. Then would it not be more correct to call it a "gilded" reserve, rather than a Gold Reserve?—A. Call what a gilded reserve?

Q. The place we now call a Gold Reserve?—A. What is in a name, anyway?

Mr. McMASTER: "A rose by any other name would smell as sweet."

*By Mr. Spencer:*

Q. You mentioned in answer to a question this morning when the discussion turned on the subject of the Mint, that during the war there was too much money in circulation. What sort of money would that be?—A. During the