

Q. I have, but I am not answering questions just now. I have studied it a little, but I want your opinion as to why you would not allow them to have full control over the banking situation? They are efficient, according to you, and they are very honest, so much so that you cannot even doubt them.—A. In England there is no such control over the banks. In the banking institutions in England they do not have any such control as we have here.

Q. Then why not eliminate it and go on the English basis?—A. I am not called upon to answer that.

Q. You have no recommendation to make?—A. No, I would not express an opinion.

*By Mr. Speakman:*

Q. There is one thing I would like to ask on the evidence already submitted. I understand, Mr. Saunders, from your explanation of the Finance Act, that the Government may loan to the banks for the carrying on of their business money in Dominion notes to an amount limited by the demands of the banks and the security given?—A. Yes.

Q. And the most desirable collateral is Dominion obligations, Dominion bonds and Dominion guaranteed bonds?—A. Yes.

Q. I also understand that the Government borrows from the banks certain monies for carrying on its business operations?—A. Yes.

Q. I would like to ask you if you would hazard an opinion as to the possibility of the Government borrowing from itself on the strength of the same collateral which it now uses as a basis for loans to the banks, loaning the same money to itself under Dominion notes, which it now borrows from the banks in that roundabout way, and so eliminate the interest it is obliged to pay?—A. The printed bills that we have now outstanding are not recent ones. They are war treasury bills that amount to about \$91,000,000. They are the residue of \$143,000,000 which we borrowed from the banks in war time. There is no disposition on the part of the Finance Department now to make any borrowings from the banks. We have reduced the amount from \$143,000,000 to \$91,000,000, and I would like to get them further out of the way if we could. But there is not much prospect in the near future of making any further reductions. The Finance Department feels that it will not be necessary to go to the banks to borrow any monies at all. We have not been borrowing from the banks for years. We are trying to reduce what was borrowed during the war time. These are war time left-overs, these treasury bills.

Q. I understand then that the Government has ceased to borrow any monies from the banks, but at the time they did borrow, the security was the same security upon which the banks may now borrow money from the Government, that is, Dominion obligations?—A. At the time we did borrow during the war, yes.

Q. You used Dominion obligations as securities in the form of treasury notes?—A. Oh yes, we gave them treasury notes.

Q. And at the present time, these Dominion obligations in another form, in bonds or guaranteed bonds, are being used by the banks as a basis for their borrowing?—A. Just a fraction. They are holding the treasury notes in their vaults as an investment.

Q. You have not considered the possibility of utilizing these Dominion obligations as a means for self-advancement?—A. Oh no, the Minister would put me out if I did that. I try to do sound financing in the Finance Department; I would not consider that sound financing.

Mr. SPEAKMAN: I have been trying to follow your evidence logically and without any disposition towards wild finance, I have been unable to see the