

## APPENDIX No. 1

until such time as he sent it out and said to put it on the departmental file.

Q. You are not aware that there are any?—A. No, I have no knowledge of any confidential files.

*By Mr. Irvine:*

Q. Mr. Saunders, you are an official of the Department of Finance, of course.

Q. And you have some expert knowledge of the financial questions generally?—A. I would not say expert knowledge; I have a knowledge that I have obtained through experience in our own work, in national financing.

Q. My point is that if you offered an opinion, for instance, on the gold basis as you have done, you would like that opinion to be creditable to the Department of Finance of Canada?—A. But I qualified that opinion on the gold basis. To show you how much I respect my expertness, I said there were high financial men who were a little fearful of going on a gold basis as I in my humble opinion thought we could, and that rather jolted me.

Q. I am only going to ask one question about it. Would you wish it to go on record that the sole reason why we discontinued the gold basis during the time of the war was to stop the Germans from getting our gold?—A. No, I will put it this way. The reason we discontinued the gold basis during the war was for war purposes.

Q. That is a very general answer, but I will take that where I would not take the other.—A. Perhaps I should not have brought in the Germans.

*By the Acting Chairman:*

Q. That was all right; that was one of the reasons?—A. Yes.

*By Mr. Irvine:*

Q. Is there anything, Mr. Saunders, you would recommend to this Committee that would be of assistance in the protection of depositors in the future? Would you have any recommendation to make?—A. No. I think really the appointment of this inspector as suggested by the Minister of Finance would be as far as we could go, and would help considerably if not totally to protect the banks in the future.

Q. Did I understand you to summarize the functions of this proposal of the Minister of Finance a moment or two ago as being two-fold, namely, as a nursery for weak financial institutions, and then if that failed, as an undertaker to bury them?—A. I do not like your description. I think this way, that it would give the Finance Department a little more assurance as regards the position of the banks if an official of the Department should verify the position of the banks from the figures sent in. Then, if the banker is getting a little off the track of sound business principles you could advise with him and nurse the bank back again, but if it were hopeless, I would not call it undertaking, I would ask the Bankers' Association to send in a Curator.

Q. You have expressed great faith in the bankers?—A. I have.

Q. Would you be in favour, then, of eliminating all control of banks from the Finance Department, and giving it to the Bankers' Association?—A. I would not.

Q. Why not, if you have great faith in them, and if they have all the information now, and if you cannot even doubt them; why not let them manage it? I want you to tell us why you would not.—A. I would let them manage what is left to them to manage. Under the Act we are managing them pretty well now. The restrictions under the Act are great. Did you ever study, Mr. Irvine, the merits of this present Bank Act over the last Act? Did you ever look into it closely?