

Let me say this. A new bank, a small bank, would have to keep a much greater proportion of cash reserve with the Bank of Canada than would the other banks. I think that would be the proper way to operate.

Mr. LEBOE: On this basis, and just to take a figure out of the hat, let us suppose that we had deposited \$10 million or \$8 million with the Bank of Canada for reserves. Let me say \$10 million in order to keep to round figures. How much currency could you as a bank demand from the Bank of Canada if you had deposited with them \$10 million?

Mr. COYNE: They would have \$10 million of our money so I presume we could demand that much. Incidentally, I would not agree to any such figure because unfortunately the Bank of Canada does not pay interest.

Mr. LEWIS: I thought you would not agree to that.

Mr. COYNE: If you want to make it \$1 million, that might be more realistic.

Mr. LEBOE: It does not make any difference what figure we take for the purpose of the discussion. I like to play with large sums because that is the only time I see them!

Mr. COYNE: That money can be paid out by cheque drawn against your account with the Bank of Canada. The only other provision of which I know is that the Bank of Canada in its discretion can make loans to charter banks from time to time.

Mr. LEBOE: A couple of years ago I checked with the secretary of the Bank of Canada who told me that in his knowledge the banks had never availed themselves of this wonderful opportunity to borrow money from the Bank of Canada.

Mr. COYNE: I think that is more than two years ago. The first time I recall was around 1954 or 1955. In order to get it started the Royal Bank took a loan, and announced that they had done so. They announced that they were putting this facility into operation. Mr. Muir of those days used to do so.

Mr. LEBOE: It is not common?

Mr. COYNE: It is not common but it is published every week by the Bank of Canada; it has happened every month or so.

Mr. MONTEITH: It is usually for a very short term.

Mr. COYNE: Yes.

Mr. LEBOE: We have established that you can obtain currency for the amount of your deposit in the Bank of Canada if you want it.

Mr. COYNE: If you need it to spend, but you are expected to replace it as soon as possible because the purpose of placing a reserve with the Bank of Canada is to keep it there.

Mr. LEBOE: In other words, the Bank of Canada says it is their currency so you pay on demand? You get a dollar, you send it to the Bank of Canada and you get another dollar for the same dollar you had.

Again, I would like to ask what is the maximum in dollars that you can obtain as a result of your deposit, and not counting what is commonly termed "suasion". You mentioned eight per cent did you not?

Mr. COYNE: Yes, of reserve.