

that is circulation in the hands of the public—was in 1934 \$30,000,000. In 1938 our active circulation was \$107,000,000. In other words, there is more than a trebling of the figure of active circulation. Now, that active circulation figure has a very important bearing on the volume of work. Large denomination notes which rest in the hands of the banks require little in the form of transportation; they stay there a long time as they are not being actively used, therefore they do not require to be redeemed frequently and new notes issued.

The active circulation is active from our point of view in every sense of the term. The volume of that work as compared with 1934 has more than trebled. Just as an indication I may say that the number of new notes printed in 1938 was a little over 54,000,000. That is the number of notes, rather than dollar amount. The number of old notes destroyed was 47,000,000. The new subsidiary coin issued by our various agents to the chartered banks, amounted to \$1,483,000. In terms of small coins that represents a pretty substantial amount. The smooth and mutilated coins redeemed, including withdrawal of the large 1 cent bronze coin, amounted to 11,888,000 pieces.

The clearing items which we handled totalled 733,000, to a value of something over \$1,000,000,000. During 1938 4,300,000 coupons were paid, 330,000 interest checks on dominion government bonds were issued, bonds to a value of \$235,000,000, exclusive of treasury bills, were redeemed or converted, and bonds transferred and exchanged to a value of \$105,000,000. During the course of these transactions some 40,000 letters of inquiry or instruction were received and answered. I may say in speaking of the operations of our securities department, that through representatives in both Montreal and Toronto, for reasons which the committee will naturally understand, a constant minute to minute connection with Ottawa is in effect. Our purchases and sales of bonds in the market during 1938 amounted to about \$200,000,000. Our transactions in treasury bills with the market in the same year were about \$120,000,000. As regards our exchange department, I can only say there that the turnover runs into a good many hundreds of millions of dollars each year.

The number of our staff is 359, of which about 275 represent staff performing the functions previously performed by the government, and some 84 represent the additions caused by the organization of the Bank of Canada.

I come now to the second statement, which I shall also, with the committee's permission, put on the record. This statement brings in the figures of our total earnings. You will remember that in the earlier statement I referred only to those earnings which were of an absolutely new variety, and I eliminated all interest on investments or interest on advances to chartered banks. The total of those two items, interest on investments and advances to chartered banks—the latter amount being negligible—in 1938 was \$4,356,446.64. The expenses attributable to functions taken over from the government in accordance with the previous statement that I have put on the record are \$1,220,768.47; taxes, \$89,908.21; loss on silver bullion, \$135,740.18. I put that loss in this particular section of this statement because of the fact that taking over of silver was a duty imposed upon us by the government under the original Bank of Canada Act to carry out the terms of the London silver agreement. Had we not gone into operation the government would have had to do that and I estimate the government naturally would have taken this loss. The total of these items is \$1,449,911.39. Taking that from the interest earnings that I have already mentioned there is left an amount of \$2,906,535.25. I then deduct the cost of the new functions to which I have already referred, namely \$196,660.84 and I find that there is a balance available for depreciation in assets, for reserves, dividends and payments to government totalling \$2,709,874.41.