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## OUR HOLDINGS OF UNITED STATES GOLD

Hon. W. T. White, the finance minister, when discussing the Canadian gold coinage and the operations of the Ottawa mint in parliament, explained that of gold amounting to something over \$100,000,000 held in the Dominion treasury, \$90,000,000, or nearly 90 per cent., was represented by American coins.

At the same time, the banks held in their vaults some \$39,000,000 specie. It is probable that two or three millions of this would represent Canadian silver coins. Allowing for that, and assuming that 80 per cent. of the remainder consisted of American coins, that would make altogether about \$118,000,000 United States gold coins held in Canada.

Each member of the Dominion parliament is naturally anxious to forward the interests of the particular constituency he represents. As gold mining is the principal industry prosecuted in the Yukon, the member for that territory looks regretfully at this huge mass of metal bearing the superscription of a foreign power. He, and others with him, would like to see the foreign coins exported and replaced by Canadian coins minted from our own gold.

From the point of view of the Yukon mines, so long as they get the best possible prices for their output of bars or nuggets, it does not matter whether the metal goes to the States or to Ottawa.

The action of the Minister in abolishing the fee heretofore charged by the assay office at Vancouver was about as far as, it would seem, the government could go at present in encouraging the home gold-mining industry.

Suppose one of the banks in Canada undertakes to finance one or more new enterprises and places itself under obligation to advance, say, \$1,500,000 in connec-

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tion therewith. The bank has reason to believe that when the advance is made it will have to meet an adverse balance at the clearing house of \$1,500,000. It does not wish to disturb Canadian borrowers, so it calls loans in New York and lodges the money with its New York correspondents.

Then it tries to sell New York exchange in Montreal and Toronto—that is, it offers its drafts on New York in exchange for "legals."

But it happens that the other banks do not wish to buy the drafts at this time. So the only thing to do is to ship gold to Montreal. The bank's agents or correspondents in New York take gold certificates to the sub-treasury and receive ten-dollar and twenty-dollar pieces. They are boxed up and sent by express.

Next day they are in Montreal; and the bank, perhaps, has them delivered to the receiver-general. The packages are verified, and the receiver-general gives the banks \$1,500,000 in \$5,000 Dominion notes. This illustration shows how the amount of American coin held in Canada tends to increase.

Sometimes it happens that gold has to be shipped to New York. The customers of one of our banks may have imported a large amount of American goods. They ask the bank for loans to pay off these debts.

The loans are granted and proceeds placed to credit of the borrowers' accounts. Then the borrowers ask for drafts on New York for remittance to their creditors. The bank's account in New York has not enough funds to meet the drafts. So it tries to buy New York funds from the other banks, offering "legals" in exchange. But the other banks have no New York funds to spare; and it develops that gold must be exported.

The bank takes its large \$5,000 Dominion notes to the receiver-general and gets American coin, which is shipped to New York. As soon as it arrives it goes into the sub-treasury and gold certificates of large denomination are given in exchange.