

By Mr. Carmichael:

Q. I would like to be clear on one point. The rate that is paid is three per cent, and I understand you to say that the cost of administering was one quarter of one per cent, plus one-tenth?—A. That is a commission paid to the postmaster.

Q. That one-tenth would be added to one quarter of one per cent?—A. Yes.

Q. Making 3.35?—A. That would not be the cost. That is only a commission on the deposits.

Q. What would represent the total cost over and above that?—A. We regard one-half per cent as the cost of administration at the present time.

Q. That is, three and a half per cent represents the total cost to the Government on the \$25,000,000 of which they have the use, and the Government pays five and a quarter per cent. In order to extend the facilities for post office deposits, what would your opinion be in regard to paying say four per cent for deposits? Would not that be a step towards extending the system and bringing in money for use by the Government at a cheaper rate than they are at present paying?—A. Of course, I think that is a question that should really be answered by the Finance Department, because they are the borrowing Department. We only offer facilities for depositors.

Q. I will not press that question. In regard to the point raised by Mr. Hughes as to the effect on the business of the country by all this money going into the hands of the Government; is it not a fact that when this money goes into the hands of the Government it is not put in a big box and locked up? Does it not go to build harbours and docks and so on?—It is not put in a big chest and locked up?—A. No.

Q. It is circulated through the country just as if it went into a bank?—A. Certainly.

Q. The money is kept in circulation? Therefore, it would seem to me that the best way of extending the post office savings business would be to increase the rate say to three and a half or possibly four per cent, and then there would be a greater supply of money placed on deposit for the use of the Government at a cheaper rate than they are paying now?—A. I was not asked a question regarding that.

By Mr. Garland:

Q. Continuing that same point, I would like the witness to tell us the process followed. The post office savings bank in a town, East or West, takes in deposits, thrift savings you call them, up to \$2,000 for one year with a limit of \$5,000. What happens to that money taken on deposit? What does the local postmaster do with it?—A. Well, if he has no use for it for money orders or anything over his counter, it goes to some bank.

Q. In other words, it is again available for loaning by the bank?—A. No, the banker sends a draft to Ottawa and we have the money transferred to the Government account here.

Q. Do you have it transferred right away?—A. As soon as we can get it transferred, as soon as the draft gets here.

Q. So there is a complete transference of the people's savings to Ottawa from all parts of the Dominion?—A. Yes, except what is not needed for local purposes. If there are money orders to be cashed at that place, the postmaster would use that money.

Q. What is your regulation in that regard? What amount is kept on deposit in the local bank?—A. There is nothing kept there except what he may see need for to cash orders.