

Q. Sir Edmund Walker said in 1923 that the figure was about 4 per cent of notes and coin?—A. I have heard that figure mentioned.

Q. Do you think that is about right?—A. No. I think there would be a little more cheques now than there were. Cheques are getting a little more general.

Q. Is it a fact that each fresh issue of bills or notes enables a Bank to make further loans drawable by cheque?—A. You mean, if we add to our circulation, it would enable us to make more loans?

Q. Yes?—A. It would.

*By Sir George Perley:*

Q. If they are used?—A. If they are used.

Q. They go to the public, and it is not the mere issuing of them?—A. To elaborate that, under present conditions, in order to issue those notes, we have to give our good friend Mr. Robb dollar for dollar for them.

Hon. Mr. STEVENS: They are not allowed to issue notes recklessly.

Mr. SPENCER: I know the way it is done, Mr. Stevens.

*By Mr. Spencer:*

Q. In getting Dominion notes from the Treasury Board, you can place those in the Central Gold Reserve in lieu of gold?—A. Then we can issue notes.

Q. You can then issue your own notes against them?—A. Yes.

Q. I would like to ask a few questions in regard to savings deposits. What security has a depositor, in a Canadian bank?—A. He has the bank.

Q. I beg your pardon?—A. He has the bank.

Q. How do you mean, he has the bank?—A. The assets of the bank. He is a creditor of the bank.

Q. Is there a guarantee behind the deposit, either a Government or bank guarantee?—A. None whatever.

Q. In the case of a bank failure, are not the calls on the assets of the bank as follows: (1) all notes of the private banks?—A. Notes in circulation.

Q. (2) Dominion deposits?—A. Yes.

Q. (3) Provincial deposits?—A. Yes.

Q. (4) Any mortgages the bank may have?—A. No.

Q. Suppose your buildings were mortgaged to a firm in New York?—A. The mortgage would come ahead of the Dominion Government, I would take it.

Q. Then the savings deposits would come in?—A. All the liabilities, their common liabilities.

Q. In that case, savings deposits would be a fifth mortgage?—A. That is not a fair way of putting it.

Q. Is it a true way of putting it?—A. You may think it is a fair way if you like. I do not think it is fair to put it to the public, that they have a fifth mortgage on the bank. I would not admit that for one minute.

Hon. Mr. STEVENS: Any one can dress facts up, so that there will be a complete distortion of them.

Hon. Mr. ROBB: Mr. Spencer, are you building up a record which will disturb the public, and trying to make the public believe that the banking system in Canada is no good?

Mr. SPENCER: I am just as anxious perhaps more anxious than any other people that we should have a sound banking system in Canada, but in my opinion, as in the opinion of many other people, we might improve it.

The WITNESS: Conditions show that savings deposits in Canadian banks are no different from what they are in any other banks in the world. Why do you pick out the Canadian system, and try to pull it down? It is unpatriotic.

[Mr. Albert E. Phipps.]