

APPENDIX No. 1

Q. I am asking you whether you can give me some reason as to why this duty should not be carried on by your department, instead of the Canadian Bankers' Association, the supervising of the printing and issuing of notes which go from hand to hand in Canada, among the public?—A. I do not think it is necessary. That is my opinion, and I understand that you are only asking me my opinion. I think it is unnecessary.

Q. You think it would not be any better if it were under your own department?—A. I do not think so.

Q. Do you think that the returns which the banks publish monthly should be sent to the Bankers' Association or to you?—A. I think they should be sent to us, as they are.

Q. Would it not be just as logical to have these returns—A. You mean the returns under the Bank Act, that are now sent to us? Should they go to the Bankers' Association? Do you mean that?

Q. I mean the monthly returns required under the Bank Act.—A. They should go to us, most certainly.

Q. If these returns should come to you, why should not the circulation returns come to you as well?—A. We do get the circulation returns. The circulation returns of the bank, and their reserve notes are two different things.

Q. Why should not the returns of the printing of the bank notes come to you?—A. Because there is no business in that; they are not worth, in my opinion, the paper they are written on. Until they get into circulation they do not go into the business of the country.

Q. When these notes are once printed, is there not a great possibility of them getting into circulation?—A. Not improperly, I do not think there is any possibility at all.

Q. You think there is no possibility?—A. No, I do not think you can find any case where they have. I have no knowledge of it.

Q. Have you known of any cases where a bank has exceeded its powers of note issue?—A. Inadvertently, sometimes, and we have checked them up and called their attention to the penalty involved.

Q. Could you tell the committee how you can ascertain whether it is done inadvertently or whether it is done intentionally?—A. The amount is so small. I recognize that the banks have great difficulty in controlling their circulation so they will not violate the Bank Act. They have to make their forecasts, take all their branches into consideration. If a man makes a little slip and does not estimate enough, he may go a few thousand dollars over his circulation, but if it were done designedly, if a bank should start in to do that designedly, they would deal in bigger figures than that, and the over-circulation does not amount to very much. It is all due to errors.

Q. Is it not a fact, Mr. Saunders, that in adding up the circulation returns from several hundred branches, it is just as easy to make a slip in the million dollar column as it is in the one dollar column?—A. If it is they have not done it.

Q. Do you think we should wait until they do it before we take some measure to see that this printing and circulation is in the hands of our own officers?—A. Do I think we should wait till they do it? I do not expect they will do it.

Q. We did not expect last year that the Home Bank would fail.—A. The Home Bank was in a category by itself. Because there was wrong-doing in one bank, you must not be suspicious of the whole fabric.

Q. It was in a different class from the Banque Nationale?—A. Yes, there was nothing to be compared in the Banque Nationale, with the Home Bank.