

By Mr. W. F. Maclean:

Q. I asked the witness if this Central Gold Reserve was an adviser of the Government in rediscounting?—A. They may be.

Q. They are asked to report on certain securities?—A. Yes, if they are asked.

Q. And they themselves present these securities?—A. No.

Q. Nobody else can present a proposition for a loan but a bank?—A. There are fourteen banks, and they do not represent the whole fourteen.

Q. They pass upon loans that are passed on by the banks themselves?—A. We have been perfectly capable of passing on our own loans, and we have not asked them to do it. But if we get any obligations involving paper that we have no means of valuing, then we will ask those financial men their opinion.

Q. Well, the Central Gold Reserve is largely a treasury for securities?—A. The Central Gold Reserve has nothing to do with securities. Theirs consist of gold or Dominion legals.

Q. In all cases, Dominion notes, as a matter of fact?—A. No, not at all.

Q. In what proportion roughly?

By Mr. Coote:

Q. Is it not about 25 per cent of gold?—A. Something like that. Yes, in the Central Gold Reserve \$9,502,533, is held in gold coins and the balance is in Dominion notes.

By Mr. Spencer:

Q. What is the balance?—A. The total deposits are \$65,602,000.

By Mr. Benoit:

Q. Where is it located?—A. In the Royal Trust Company, Montreal, in their vaults.

By Mr. W. F. Maclean:

Q. In the United States the Government itself has control of reserve funds of this kind, and also the Comptroller of the Treasury. They act for the State and the banks have to do business with them. What we are trying to get at here is something like the American system. In the United States, instead of a central gold reserve controlled by the banks, there is a National Reserve System?—A. You mean the Federal Reserve Banks?

Q. And it is connected with the Comptroller of Currency?—A. You are referring now to the Federal Reserve Bank System of the United States?

Q. In the United States a Federal officer performs the duty that is apparently done here by a Trust Company, in connection with the Central Gold Reserve which is controlled by the banks largely.

The ACTING CHAIRMAN: What is the question you are asking the witness?

Mr. W. F. MACLEAN: As to the American system of Finance—

WITNESS: I do not know that I have looked it into it very closely. I do not see anything the matter with our system.

Mr. W. F. MACLEAN: I am satisfied with that, if he says he does not know a better system.

By Mr. W. F. Maclean:

Q. In England, who does this work?—A. I do not know.

By Mr. Coote:

Q. I would like to ask if there is any limit to the amount of Dominion notes which his department may issue under the Finance Act?—A. No limit at all so long as the securities are there.