bank in each month of the year. This is called the Bank Circulation Redemption Fund, and should any liquidator fail to redeem the notes of a failed bank, recourse may be had to the entire fund if necessary. As a matter of fact, liquidators are almost invariably able to redeem the note issues as they are presented, but, in order that all solvent banks may accept without loss the notes of an insolvent bank, these notes bear five per cent. interest from the date of suspension to the date of the liquidator's announcement that he is ready to redeem.

2. To avoid discount for geographical reasons, each bank is obliged to arrange for the redemption of its notes in certain named commercial centres throughout the Dominion.

Both of these reforms were suggested by the speaker, but, like many other features in our Act, they were prompted by the experience of the United States in the period preceding their present banking system. That our bank-notes are abundantly secured, so far as the public is concerned, seems evident from the fact that a note circulation at 31st December, 1910, of $87,694,840, was in effect secured by a prior lien on total assets of $1,229,790,859, to which must be added the double liability of the shareholders on the capital stock of the banks, making a total of $1,330,573,425. That the banks are not likely ever to lose a dollar by the system of guaranteeing each other's notes seems quite clear. Daily redemption and other features in the Act make it difficult to create a forced circulation, and, although we have had several fraudulent bank failures, there has never been a case where the assets on which we had the first claim did not easily protect us.

In Canada gold is not used as a currency, but as a bank reserve. Of the legal tenders issued by the Government, as will be seen hereafter, over seven-ninths are held as bank reserves, while the remainder are the change-making notes—that is, those smaller than five dollars. So that the business of the country, apart from cheques and other credit instruments, is done with bank-notes and small legal tenders. As we are a country with wide fluctuations in the volume of business during the year, owing to crop