

nominations of this note issue, and what is the Dominion note issue of ones and twos at the present time?

Mr. WHITE: The legislation authorizes an increase from \$30,000,000 to \$50,000,000 without any limitation or condition whatsoever, so that it would be open to the Government to avail itself of it now or at any later time. In other words, there is an integral change made in the Dominion Notes Act whereby a margin of 25 per cent of gold may be held in respect of an issue of \$50,000,000 instead of \$30,000,000 as under the present legislation. As regards denomination, notes of any denomination may be issued to make up this amount. It may be wholly in ones, twos, or in fives or large legals, but it will be a combination of all.

Mr. A. K. MACLEAN: I have always understood that the justification for the \$30,000,000 of notes supported by 25 per cent gold was that they were in small denominations and not likely to be called.

Mr. WHITE: My hon. friend raises a very interesting question. I would say that it is desirable that the total amount of free Dominion notes that should be outstanding at any time should not be materially in excess of the amount of notes of small denominations in the hands of the public. In other words, in order that the Dominion may be able to retire its notes in gold there should not be outstanding a larger amount than is required from time to time by the community for its purposes. We have, however, a safeguard against any difficulty on that score. In the Bank Act there is a provision that the chartered banks of Canada must hold 40 per cent of their cash reserves in Dominion notes. That being so, the amounts which the banks must hold under that legislation cannot of course come in for redemption. Therefore, the position is this: In estimating what notes are likely to be presented for redemption, we have to take into consideration three facts: first, how many notes are likely to remain outstanding in the hands of the public; secondly, how many notes are likely to be required by the banks for the purpose of their clearings (which is a very large amount); and thirdly, what amount of notes must be held by the chartered banks, representing not less than forty per cent of their cash assets? Answering particularly the question which my hon. friend has directed to me as to the present issue of Dominion notes, I have some information here which I think will be of interest to the House:

[Mr. A. K. Maclean.]

Present issue of Dominion Notes and Gold holding as on July 31, 1914.	
Fractionals 1's, 2's, 4's and 5's. . . . .	\$ 25,180,333
50's, 100's, 1,000's. . . . .	7,209,500
Bank specials good between banks only, in 500's, 1,000's and 5,000's.	80,404,000

Total . . . . .	\$112,793,833
Amount Dominion notes held by the banks this date. . . . .	90,588,065

Amount Dominion notes in the hands of the public other than the banks. . . . .	22,205,768
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Gold held July 31, 1914, as reserve for Dominion notes. . . . .	91,735,584
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Amount of gold required to be held under the present Act for this issue. . . . .	90,293,833
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(In addition to the \$91,735,584 the minister also has \$5,400,842 in gold to satisfy the ten per cent requirement of the Savings Banks Act.)

Amount Dominion notes outstanding not covered by gold holding. . . . .	21,058,249
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The banks had in current gold and subsidiary coin on the 31st July, 1914. . . . .	51,406,472
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Just let me refer more particularly to the item of \$21,058,249, representing the amount of Dominion notes outstanding not covered by gold holdings. The Dominion may issue \$22,500,000 of free money to-day, but it happens that only \$21,058,249 in Dominion notes are outstanding unsecured by gold. In addition to that, although the question does not arise here, the banks held in current gold and subsidiary coin on the 31st July, 1914, \$51,406,472. That in round figures you can say that the gold reserve of the Dominion both by the Dominion and by chartered banks would be over \$150,000,000.

I have made a little memorandum with respect to this proposal to increase the note issue from \$30,000,000 to \$50,000,000 against twenty-five per cent of gold, which for the information of the House I shall place upon 'Hansard':

If advantage is taken of the proposals in the Dominion Notes Act, 1914, on the basis of the circulation as of July 31, the total outstanding circulation would be approximately \$127,800,000. The gold reserve as respects that issue would be \$91,735,000. This works out a percentage of gold to circulation of approximately 71.7. 71.7 per cent is a larger percentage of gold holding to notes issued than was held by the Dominion at any time prior to 1909. At the present time the gold holding is approximately 81 per cent of the total issue of Dominion notes. The issue of \$15,000,000 additional Dominion notes would reduce the percentage to 71.7 as stated.

Sir WILFRID LAURIER: What was the quantity before 1909?

Mr. WHITE: I have not the figures. In 1870 the percentage of gold holding to