

APPENDIX No. 1

That answer is not a correct answer; it was given without consideration. Nothing was lost by the issue of notes either Home Bank notes or Dominion bank notes, and there would have been no difference to the depositors whether the Home Bank had issued \$2,000,000 of Dominion notes or \$2,000,000 of its own notes, for this reason: Had the bank issued \$2,000,000 of Dominion notes before its failure, it would have had to take \$2,000,000 out of its assets to buy the Dominion notes and get them. The only difference is that if it had issued \$2,000,000 of Dominion notes the money would have been taken out of the assets before the failure. Now, it has issued \$2,000,000 of its own notes and the money has to be taken out after the failure. There is no difference. One further remark, there is a little advantage to the depositors in the fact that its own notes were issued because the bank has had the use of the money in the interim; it has not had to pay the money out so early.

By Mr. W. F. Maclean:

Q. If there was an issue of Dominion notes and no provision was made to help the bank to get some advantage out of a note issue; if you could substitute Dominion notes for the right to issue the bank's own notes, the Dominion notes would be satisfactory to the public?—A. It would make this difference, as explained by Mr. Neill in his testimony; if Dominion notes were issued and became the sole circulating medium, the bank would have to take it out of its assets to buy the Dominion notes, and it would have that much less liquid capital with which to do business.

Q. The right to issue notes could be given to get the use of Dominion notes instead of the bank's own notes under the same conditions?—A. I do not think the Committee would favour giving notes to the banks, an obligation of the Government.

By Mr. Irvine:

Q. It would make no difference to depositors whether the notes were issued by the Dominion or by the banks?—A. Not a bit.

By Mr. Good:

Q. I would like to ask the witness, does he not recall that when Mr. Neill was under examination he distinctly stated the alternative proposition that a certain limited amount of Dominion notes be given to the banks free of charge and that above that they would have to pay?—A. I do not remember that.

Mr. Good: I do distinctly.

WITNESS: I have no recollection.

Witness retired.

The CHAIRMAN: We decided, I understand, at the last sitting that we would hear an officer of the Post Office Department in respect to the operation of the Post Office Savings Bank.

AUSTIN BILL called.

By the Chairman:

Q. Will you give your qualifications? You are an official of the Postmaster General's Department?—A. Yes.

Q. What is your office?—A. I am head of the revenue division.

Q. Of the Post Office Department?—A. Yes.

Q. Do you know about the organization and operation of the Post Office Savings Banks?—A. Yes, I have to deal with them.

[Mr. Henry T. Ross.]