

APPENDIX No. 1

war there was too much money in circulation? I hardly think I made that statement.

Q. It was with reference to Mr. Shaw's question with regard to the Mint.—A. Yes; during the war there was not too much, because it was needed for the business, or it would not have been asked of us, but there was too much put in circulation for present-day requirements. We do not redeem silver; that is the trouble.

Q. It was silver you meant when you said that?—A. Too much silver, I think I said.

Q. How do you know there is too much silver money?—A. We know how much silver is issued.

Q. But how would you know when there was too much?—A. The banks complain, trying to get us to take it back.

Q. You mean the people would not use it, and put it back in the banks?—A. Surely, and the banks could not get it out.

Q. Have you, Mr Saunders, in your official position, anything to do with the Post Office Savings Bank?—A. No. That is administered by the Post Office Department entirely.

Q. You would not like to give an opinion as to the policy of the Post Office Savings Bank?—A. No. I mentioned this morning or this afternoon that the Post Office was modifying its rules and regulations about withdrawals, so as to make it a little easier for the smaller depositors to withdraw than it has been hitherto.

Q. I think, in answering a question of Mr. Healy's, you said the notes of a private bank were no liability on depositors?—A. Yes. They are no direct liability on depositors.

Q. Suppose we decided in Canada to have a Government issue of notes only, and the only paper out was Government paper; when a bank went smash like the Home Bank; when their own notes out, their own private notes were out in circulation, would not the depositors be better off?—A. Not a bit. The bank would get these Dominion notes, they would have to give value out of their assets. It is the same relation; it does not matter whether they are Dominion notes or bank notes.

Q. But with a private issue of notes, is it not a fact that the notes are the first call on the assets of the bank?—A. Yes.

Q. And part of the assets of the bank are the depositors' accounts?—A. Yes, and others.

Q. And therefore the private notes of the bank are a call on depositors?—A. Yes.

Q. But if there were Government notes issued instead of private notes, they would not be a call on depositors?—A. I do not like the word depositors; it is a call on the assets.

Q. The responsibility would be on the Government?—A. The responsibility would be on the Government—.

Q. To meet the notes?—A. If they held Dominion legals or Dominion notes of the Government, that would be a good asset, because the Government would redeem them at once.

Q. Therefore, the depositors of a failed bank would be better off if we had a Government issue or monopoly of note issue than they are with a private issue?—A. Not at all. If they had Dominion notes in their possession and brought them in to us to redeem them, they would be reducing their assets by that much.

Q. Dominion notes would be a liability on the government and not on the bank?—A. Yes, but their assets have not been benefited at all.