

exclusive circulation among the banks. These are \$500, \$1,000 and \$5,000 bills. They serve the purpose of convenient cash reserves for the banks as required by law and as a medium for settling outstanding balances in the Clearing Houses.

Paper money having no intrinsic value, must, as a natural consequence, have an intrinsic force behind it for the purpose of redemption as required. There are a score of methods devised for regulating a paper currency and providing a redemption fund. In the case of Dominion notes the redeeming element is gold, under what is known as the Partial Deposit method. The circulation of Dominion notes on July 31st was \$113,794,845, and the gold held by the Currency Branch on that day for the redemption, if necessary, of these notes amounted to \$94,701,444. The legal difference between the circulation and the gold reserve cannot be less than \$22,500,000. This arises from the provisions of the Dominion Notes Act which provides that up to a circulation of \$30,000,000, a redeeming gold reserve of \$7,500,000 shall be held, but that in excess of \$30,000,000, one dollar in gold shall be reserved for every paper dollar issued.

Gold

The gold reserve as mentioned, comprises British, Canadian and United States gold. Great Britain and the United States having adopted gold as their basis for all transactions involving money, and having placed, by law, upon the pure metal a value of practically the same amount, the Canadian government accepted the gold coins of both countries as legal tender to any amount. The statutory price of British gold is £3-17-10½ for one ounce having a proportion of 11/12 fine gold to 1/12 copper. Upon this calculation fine gold is worth \$20.67227 per ounce. The statutory price of United States gold is \$10 for 258 grains, having a proportion of 9/10 fine gold to 1/10

copper, which brings the price of fine gold to \$20.67183.... per ounce. Canada has preferred to adopt the United States system of gold coinage on account of the convenience of the decimal system common to both countries. The problem of displacing United States gold coins in the Canadian reserve and substituting therefor the new Canadian coins or bullion, will no doubt be taken up in due course and properly and economically solved.

Silver.

Silver has been found to be a convenient metal for fractional currency. Canadian silver is composed of 925 parts pure silver and 75 parts copper. The price of silver is not fixed and unchangeable as is the case with gold, nor is there the metallic value in a given amount of silver coins. Thus, exclusive of the cost of minting \$100 worth of silver coinage is worth \$41.65 (allowing 60c per ounce for the silver and 16c per pound for copper). Silver coinage is therefore called token money and is legal tender to the amount of \$10 only in any one given payment.

Bronze.

Bronze, used for one cent pieces (1c) only, is composed of 95 parts copper, 4 parts tin and 1 part zinc. Exclusive of the cost of minting, the intrinsic value of \$100 of bronze coins is \$21.40 (allowing 16c per pound for copper, 45c for tin, and 8c for zinc). Bronze is called token money also and is legal tender to the extent of only twenty-five cents.

The foregoing sets forth in the briefest possible form some of the facts and features incidental to the work of this important branch. There is involved in the work of the Comptroller vast responsibilities in respect of the safekeeping, distribution and redemption of the great amount of national circulation medium. Apart from these immediate duties there are problems of vast national importance.