

total assets of the chartered banks at December 31, 1921, were \$2,746,732,605, as compared with \$3,056,979,489 in 1920. The total liabilities to the public were \$2,472,350,424, as compared with \$2,778,308,547 in 1920. Deposits by the public in Canada were \$1,781,749,790 at December 31, 1921 (Table 50), as compared with \$1,950,504,230 in 1920. All these declines were due to the continuance of deflation during the year. On March 31, 1921, the total at the credit of the depositors in the Post Office and Dominion Government Savings Banks was \$39,160,808, as compared with \$42,334,812 in 1920 (Table 61).

Bank Reserves.—The Bank Act contains no specific provisions as to the amount of gold to be held either against note circulation or the general business of the bank. It requires, however, that 40 p.c. of whatever reserve a bank finds expedient to carry shall be in Dominion notes. A second provision instructs the Minister of Finance to arrange for the delivery of Dominion notes to any bank in exchange for specie. Thus the gold reserve against Dominion notes, to the extent that the notes are held by the banks, is reserve against banking operations, the Dominion Government being the custodian of the gold for the banks. The other gold element in bank reserves is specie in hand. The sum of the two constitutes the gold basis of the Canadian banking system. In addition to the reserves above mentioned, the Canadian banks carry three other kinds of asset which are regarded as reserves, being funds more or less immediately available for the liquidation of liabilities. These are (1) cash balances in banks outside of Canada; (2) call and short loans in New York; and (3) easily marketable securities. These are shown together with the total and net liabilities in Table 56. In Table 57 the ratio to net liabilities of each element of the reserve is shown.

Deposits and Loans and Discounts.—The above are the foundations upon which the banking credit of Canada rests. The expansion of that credit is shown by the figures of deposits and loans and discounts in Tables 51 and 52. The deposits payable on demand, with those payable after notice or on a fixed day (Table 51) are probably a good index of the deposits which are subject to cheque, and which therefore constitute the basis of credit as circulating medium, for although notice is required by law before the greater part of these deposits can be withdrawn this right is seldom or never claimed, and even savings accounts are chequed against to a considerable extent.