

**Dominion Notes.**—An important part of the Canadian monetary system is the paper currency of the Dominion Government. Under the Dominion Notes Act, 1914 (5 Geo. V, c. 4), the Dominion Government is authorized to issue notes up to and including \$50,000,000 against a reserve in gold equal to one-quarter of that amount. By c. 4, Acts of 1915, "An Act respecting the Issue of Dominion Notes," the Dominion Government is authorized to issue notes up to \$26,000,000 without any reserve of gold, \$16,000,000 of the notes to be against certain specified Canadian railway securities guaranteed by the Dominion Government.<sup>1</sup> Notes may be issued to any additional amount in excess of \$76,000,000, but (except as provided by the Finance Act, 1914—see foot-note on this page) an amount of gold equal to the excess must be held. Thus Dominion notes normally approximate to gold certificates. Under the Act, the Government issues notes of the denominations of 25 cents, \$1, \$2, \$4, \$5, \$50, \$100, \$500 and \$1,000. In addition, "special" notes of the denominations of \$500, \$1,000, \$5,000 and \$50,000 (first issue of the last-mentioned September, 1918), are issued for use between banks only, the purpose being to safeguard against theft. Table 43 gives the main statistics of Dominion note circulation and the reserve on which it has been built since 1890, Table 44 statistics of gold held by the Minister of Finance from 1919 to 1923, while Table 45 shows the use of notes of different denominations during the past six years.

<sup>1</sup> The following is an outline of Canadian legislation respecting the issue of notes. After Confederation, by an Act of 1868 (31 Vict., c. 46), authority was given for the issue of notes to the extent of eight million dollars. The reserve was fixed at 20 p.c. up to a circulation of five millions; beyond that, 25 p.c. to be held as reserve. The law of 1870 (33 Vict., c. 10), authorized a limit of nine million dollars. The reserve was fixed at 20 p.c., but the nine millions were only to be issued when the specie amounted to two millions. Dollar for dollar was to be held beyond nine millions. In 1872 (35 Vict., c. 7), the reserve for the excess over nine millions was fixed at 35 p.c. in specie. This was amended in 1875 (38 Vict., c. 5) by requiring dollar for dollar beyond twelve millions; for the reserve between nine and twelve millions, 50 p.c. in specie was to be held. In 1878 the law respecting Dominion notes was extended to the provinces of Prince Edward Island, British Columbia and Manitoba. In 1880 (43 Vict., c. 13), the basis of the present standard was established. A reserve of 25 p.c. in gold and guaranteed debentures was required, of which 15 p.c. at least was to be in gold. The limit was raised to twenty million dollars. In 1894 (57-58 Vict., c. 21), the limit was raised to twenty-five millions but this was found unworkable and was repealed in 1895 (58-59 Vict., c. 16), and authority was given to issue notes to any amount over twenty millions, on holding dollar for dollar beyond that sum. In 1903 (3 Edw. VII, c. 43), the Minister of Finance was required to hold gold and guaranteed debentures of not less than 25 p.c. on Dominion notes issued and outstanding up to thirty million dollars; beyond thirty millions he was required to hold gold equal to the excess. In 1914 (5 Geo. V, c. 4), this amount was raised to fifty millions and in 1915 to seventy-six millions, under the conditions stated in the text. The Finance Act, 1914 (5 Geo. V, c. 3), makes provision, in case of war, panic, etc., for the issue of Dominion notes against approved securities.

**43.—Dominion Note Circulation and Reserves at June 30, 1890-1925.**

Years ended June 30.	Notes in circulation.					Reserves of Specie.	Circulation uncovered by Specie. <sup>4</sup>	Percentage of Specie Reserve to Circulation.
	Notes, 1, 2, 4 and 5, and fractionals. <sup>1</sup>	Large notes, 50, 100, 500, 1000, 5000. <sup>2</sup>	Total.					
			Amount.	Per capita.	Inder No. <sup>3</sup>			
	\$	\$	\$	\$		\$	\$	p.c.
1890.....	6,665,942	8,691,950	15,357,892	3.20	65.3	3,285,515	10,125,711	21
1891.....	6,768,666	9,407,650	16,176,316	3.34	68.2	3,887,027	10,452,623	24
1892.....	6,898,348	10,384,350	17,282,698	3.53	72.0	5,061,577	10,414,455	29
1893.....	7,136,743	11,311,750	18,448,493	3.73	76.1	6,449,348	10,052,479	35
1894.....	6,967,818	13,093,900	20,061,718	4.09	83.5	8,292,405	9,822,647	41
1895.....	7,059,331	12,460,900	19,520,231	3.87	79.0	7,761,084	9,812,481	40
1896.....	7,377,096	12,995,100	20,372,196	4.00	81.6	8,758,252	9,667,295	43
1897.....	7,519,345	14,798,750	22,318,095	4.34	88.6	10,723,649	9,650,780	48
1898.....	8,157,243	14,020,950	22,178,193	4.26	86.9	10,813,739	9,417,788	49
1899.....	8,770,165	15,466,300	24,236,465	4.60	93.9	13,061,775	9,228,024	54
1900.....	9,640,473	16,454,450	26,094,923	4.90	100.0	12,476,044	11,672,213	48
1901.....	10,161,809	17,736,700	27,898,509	5.19	105.9	14,578,117	11,394,769	52
1902.....	11,029,985	21,750,400	32,780,385	5.92	120.8	18,901,639	11,932,080	58
1903.....	12,173,248	26,832,950	39,006,198	6.87	140.2	25,930,594	11,128,938	66
1904.....	12,581,833	28,992,950	41,574,783	7.13	145.5	23,422,625	16,205,492	56
1905.....	13,045,820	34,288,400	47,334,220	7.89	161.0	28,890,837	16,062,098	61

Footnotes <sup>1</sup>, <sup>2</sup>, <sup>3</sup> and <sup>4</sup> p. 822.