

Bank Reserves.—The Bank Act contains no specific provisions as to the amount of gold to be held against either note circulation or general liabilities of a bank. It requires, however, that 40 p.c. of whatever cash reserves a bank finds it 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 cash element in bank reserves is specie in hand. In addition to this cash on hand, Canadian banks carry three other kinds of assets 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 (the favourite call loan market); and (3) readily marketable securities. These are shown, together with net liabilities, in Table 17. In Table 18 the ratio to net liabilities of each element of the reserve is shown.

17.—Bank Reserves, with Liabilities, 1892-1927.

Note.—The statistics in this table are averages computed from monthly returns in each year.

Years.	Specie and Dominion Notes.	Cash Due from			Call and short loans elsewhere than in Canada.
		Banks in the United Kingdom.	Banks elsewhere than in Canada and United Kingdom.	Total.	
	\$	\$	\$	\$	\$
1892	17,794,201	2,058,538	20,728,669	22,787,207	
1893	19,714,648	2,661,533	17,318,101	19,969,634	
1894	22,371,954	3,439,364	18,904,416	22,343,770	
1895	22,992,872	4,915,468	23,183,161	28,098,619	
1896	22,318,627	7,147,788	17,207,798	24,355,586	
1897	25,178,151	11,149,437	22,060,471	33,209,908	
1898	25,330,564	11,078,459	21,849,137	32,927,596	
1899	26,682,970	11,872,548	24,136,270	36,008,818	
1900	29,047,382	6,972,195	15,443,217	22,415,412	28,228,469 ¹
1901	32,088,501	5,598,939	12,811,524	18,410,463	40,020,233
1902	35,478,598	6,598,159	13,519,739	20,117,958	48,162,659
1903	42,510,574	5,638,954	14,192,232	19,831,186	38,025,662
1904	50,307,871	7,523,615	16,817,357	24,340,972	41,212,007
1905	56,560,323	9,960,560	19,201,939	29,182,499	51,452,955
1906	61,287,581	8,877,979	16,801,119	25,679,098	59,363,639
1907	70,550,520	6,027,157	15,368,728	21,390,885	62,907,513
1908	80,654,276	9,828,186	30,822,761	40,650,947	60,764,075
1909	95,558,461	10,311,864	31,779,144	42,091,008	119,728,263
1910	104,735,696	18,892,833	28,301,602	47,194,435	112,777,530
1911	120,146,690	21,122,092	29,695,985	50,818,077	91,097,704
1912	132,853,405	21,338,926	28,894,103	50,233,029	105,718,070
1913	135,267,623	13,329,642	28,238,329	41,567,971	98,602,616
1914	159,775,124	12,230,533	36,932,958	49,163,491	112,438,596
1915	200,113,021	20,824,559	43,781,939	64,606,493	115,896,892
1916	207,797,164	24,025,192	72,923,228	96,948,420	164,786,760
1917	210,475,400	17,885,648	53,021,952	70,907,600	157,430,643
1918	256,656,174	10,973,006	47,419,961	58,393,567	162,233,308
1919	257,429,889	12,359,426	50,904,693	63,264,119	163,227,204
1920	259,462,332	17,669,923	62,100,182	79,770,105	200,098,050
1921	255,474,332	12,857,830	60,885,266	73,745,346	172,137,325
1922	251,169,892	10,309,844	87,972,048	98,279,642	178,457,564
1923	234,501,513	8,090,470	54,358,289	62,448,759	198,047,516
1924	235,743,196	7,819,605	66,701,920	74,521,525	181,705,220
1925	230,011,447	8,583,816	59,921,935	68,505,251	225,461,687
1926	214,132,302	11,520,159	59,261,609	70,781,798	250,080,998
1927	210,433,492	9,790,411	61,793,595	71,584,006	268,536,339

¹ Average of six months, July to December, 1900.