

and issue additional notes of their own there-against. The Finance Act (c. 3) of 1914, gave the Minister of Finance authority to issue Dominion notes to the banks against approved securities deposited with him. Originally passed as a war measure, this was made a permanent feature of the system by the Finance Act (c. 48) of 1923, and provided the banks with the means of further expanding their note issue by the deposit of the Dominion notes, so obtained, in the Central Gold Reserves.

Bank notes, although the chief circulating medium in the hands of the public, were a fiduciary issue; they were not legal tender but were convertible into Dominion notes which were legal tender.

The provisions regarding bank notes were materially changed with the establishment of the Bank of Canada under the Bank Act (c. 24) of 1934. The authority both for seasonal expansion and for additional issue secured by deposit in the Central Gold Reserves was then terminated. Provision was made for a gradual reduction in bank-note circulation over a period of years as explained at p. 893. As a result of these changes, current data on bank-note circulation are not comparable with those of earlier years. However, statistics of total notes in the hands of the general public are comparable. This public circulation includes chartered bank notes together with Dominion notes and Bank of Canada notes, exclusive of those held by the banks as reserves. Statistics on this basis are shown in Table 6.

**6.—Annual Averages of Note Circulation in the Hands of the Public, 1926-39.**

NOTE.—Averages of month-end figures have been revised since the publication of the 1939 Year Book.

Year.	Averages of Month-End Figures.			Averages of Daily Figures of Total.	
	Chartered Bank. <sup>1</sup>	Dominion or Bank of Canada. <sup>2</sup>	Total.	Amount. <sup>3</sup>	Per Capita. <sup>4</sup>
	\$	\$	\$	\$	\$
1926.....	153,931,898	26,314,706	180,246,604	195,000,000	20.63
1927.....	156,254,231	27,793,500	184,047,731	198,000,000	20.55
1928.....	160,209,051	28,803,340	189,012,391	204,000,000	20.74
1929.....	161,483,696	30,003,870	191,487,566	205,000,000	20.44
1930.....	144,178,819	28,812,059	172,990,878	185,000,000	18.12
1931.....	128,881,241	28,572,011	157,453,252	167,000,000	16.09
1932.....	120,918,577	28,483,686	149,402,263	158,000,000	15.04
1933.....	120,624,661	29,066,051	149,690,712	157,000,000	14.70
1934.....	125,119,382	30,547,720	155,667,102	163,000,000	15.06
1935.....	118,512,334	47,288,651	165,800,985	169,000,000	15.45
1936.....	112,914,641	66,934,953	179,849,599	182,000,000	16.50
1937.....	104,211,037	94,876,384	199,087,421	200,000,000	17.99
1938.....	93,978,355	109,748,030	203,726,385	205,000,000	18.29
1939.....	88,820,636	129,261,655	218,082,291	216,000,000	19.09

<sup>1</sup> Gross note circulation of chartered banks. <sup>2</sup> Total issue less notes held by chartered banks and notes deposited in the Central Gold Reserves up to March, 1935. <sup>3</sup> Figures to nearest million supplied by the Bank of Canada. <sup>4</sup> Figures based on estimates of population as given at p. 103.

**Section 4.—Monetary Reserves.**

**Subsection 1.—Bank of Canada Reserves.**

The composition of Canadian Gold Reserves held by the Government is presented in the 1936 edition of the Year Book, for the years 1905 to 1934, at p. 895. Since March, 1935, the gold reserves have been held by the Bank of Canada. By authority of the Exchange Fund Act (c. 60, 1935), effective in July, 1935, they are valued at the prevailing current market price of gold. The effect of the re-valuation as from the above date is shown in the chart at p. 886. The new data are now to be found under the item "Reserves" on the "Assets" section of Table 1, p. 885.