

The head office of the Bank is at Ottawa, and it has an agency in each province, namely, at Charlottetown, Halifax, Saint John, Montreal, Toronto, Winnipeg, Regina, Calgary and Vancouver.

The Governor of the Bank is its chief executive officer and Chairman of the Board of Directors, and he is assisted by a Deputy Governor and an Assistant Deputy Governor. The first appointments were made by the Government. Subsequent appointments are to be made by the Board of Directors subject to the approval of the Governor in Council.

At the first meeting of the shareholders on Jan. 23, 1935, seven directors were elected by the shareholders for terms to run as follows: one until the third annual general meeting (1938), two until the fourth (1939), two until the fifth (1940), and two until the sixth annual general meeting (1941). Directors are now appointed by the Minister of Finance with the approval of the Governor in Council for terms of three years. There are now eleven directors. Former directors continued in office when the Government took over the management of the Bank. In the transaction of the business of the Bank each director has one vote.

There is also an Executive Committee of the Board of Directors consisting of the Governor, Deputy Governor and one member of the Board, which must meet once a week. This Committee has the same powers as the Board but every decision is submitted to the Board of Directors at its next meeting. The Board must meet at least four times a year. The Deputy Minister of Finance is an ex-officio member of the Board of Directors and of the Executive Committee, but is without a vote.

The Governor alone, or in his absence the Deputy Governor, has the power to veto any action or decision of the Board of Directors or the Executive Committee, subject to confirmation or disallowance by the Governor in Council.

Subsection 2.—The Bank of Canada and Its Relationship to the Canadian Financial System

An article under this title is given at pp. 881-885 of the 1937 edition of the Year Book. It deals with such subjects as the functions of the Bank, its control and regulation of credit and currency, the mechanism by which such control is exercised, the expansion and contraction of credit, the mitigation of general economic fluctuations, the control of exchange operations, the advisory function of the Bank and its duties as the Government's banker.

THE WAR-TIME FUNCTIONS OF A CENTRAL BANK

Broadly speaking, a central bank has one main function, namely, to regulate currency and credit. Associated with the performance of this function there are usually others, such as the protection of the external value of the currency and the influence of skilled and impartial banking advice. For a description of the normal functions and operations of a central bank, see the article given at pp. 881-885 of the 1937 Year Book.

Normally, the level of economic activity is the result of many forces, both external and internal. Monetary policy is one of the internal factors; its aim is to stimulate as high a level of economic activity as is feasible by providing suitable monetary conditions. The central bank cannot achieve this result directly, for it is neither an important producer or consumer of goods and services, nor is it equipped to initiate great productive enterprises. It can, however, provide financial conditions favourable to economic activity on a sound basis.