

Subsection 3.—Bank of Canada Operations

The expansion of Bank of Canada liabilities and assets has provided for increased Bank of Canada notes in active circulation (as the chartered bank-note issue is limited and is gradually being retired) and has enlarged the cash reserves of the chartered banks. The principal changes in Bank of Canada assets since April, 1938, have been the rise in investments, partly to replace the gold and foreign-exchange holdings transferred to the Foreign Exchange Control Board under the terms of the Exchange Fund Order and Foreign Exchange Acquisition Order, dated Apr. 30, 1940, and the fluctuations in holdings of sterling exchange through which the Bank has temporarily financed Canadian dollar requirements of the Foreign Exchange Control Board.

1.—Liabilities and Assets of the Bank of Canada, Mar. 13, 1935, and Dec. 31, 1941-43

Items	Mar. 13, 1935	Dec. 31, 1941 ¹	Dec. 31, 1942 ²	Dec. 31, 1943 ²
	\$	\$	\$	\$
Liabilities				
Capital paid up.....	4,991,640	5,000,000	5,000,000	5,000,000
Rest fund.....	Nil	5,585,705	6,472,953	8,041,601
Notes in circulation.....	97,805,665	495,956,232	693,617,931	874,395,312
Deposits—				
Dominion Government.....	4,212,200	77,573,198	59,617,503	54,594,240
Chartered Banks.....	151,927,623	232,031,045	259,959,056	540,196,800
Other.....	277,922	5,970,054	19,070,677	17,766,580
Totals, Deposits.....	156,417,750	315,574,300	338,627,236	392,555,560
Dividends declared.....	Nil	112,500	112,500	112,500
Other liabilities.....	99,702	20,632,829	4,380,594	28,149,704
Totals, Liabilities.....	259,314,757	842,861,566	1,048,211,214	1,308,254,677
Assets				
Reserves (at market values)—				
Gold coin and bullion.....	106,584,356	² Nil	² Nil	² Nil
Silver bullion.....	986,363	200,861,156	499,192	558,336
Sterling and U.S.A. dollars.....	394,875	Nil	Nil	Nil
Other currencies of countries on a gold standard.....	Nil	Nil	Nil	Nil
Totals, Reserves.....	107,965,594	200,861,156 ²	499,192 ²	558,336 ²
Subsidiary coin.....	297,335	316,081	55,547	134,046
Advances to chartered and savings banks.....	Nil	Nil	1,250,000	Nil
Investments (at not exceeding market values)—				
Dominion and Provincial Government short-term securities.....	34,846,294	391,733,439	307,227,340	737,678,156
Other Dominion and Provincial Government securities.....	115,013,637	216,688,427	309,173,332	472,797,116
Totals, Investments.....	149,859,931	608,421,866	1,016,400,722	1,260,375,252
Bank premises.....	Nil	1,732,242	2,108,476	1,968,499
All other assets.....	1,191,897	31,480,221	27,897,277	45,218,544
Totals, Assets.....	259,314,757	842,861,566	1,048,211,214	1,308,254,677

¹ From the Bank's Annual Statement.

² The Exchange Fund Order, 1940, authorized the transfer of the Bank's gold holdings to the Foreign Exchange Control Board and temporarily suspended the requirement for a minimum gold reserve.

Subsection 4.—The Proposed Industrial Development Bank

NOTE.—A Bill for the establishment of this Bank was presented to Parliament in March, 1944. At the time this section of the Year Book was sent to press, the draft legislation had received second reading and had been referred to the Banking and Commerce Committee.

Functions of the proposed Industrial Development Bank were outlined in a statement made in the House of Commons on March 2 by the Parliamentary Assistant to the Minister of Finance.