

gold, they were subject to the expanding or contracting influences of monetary gold imports or exports arising from Canada's balance of international payments, so long as Canada was on the gold standard.

Since the Establishment of the Bank of Canada.—When the Bank of Canada was established, the chartered banks turned over their reserves of gold in Canada and Dominion notes to the new bank in exchange for deposits with, and notes of, the Bank of Canada. It was provided that, henceforth, the chartered banks were to carry reserves in these forms amounting to at least 5 p.c. of their deposit liabilities in Canada. Since that time, therefore, the gold reserves against currency and bank credit have been in the custody of the central bank except as affected by the Exchange Fund Order, 1940, as explained under Bank of Canada reserves in Sub-section 1.

6.—Annual Averages of Cash Reserves of the Chartered Banks in Canada, 1926-44

NOTE.—Figures, to nearest million, supplied by the Bank of Canada. Cash reserves prior to Mar. 11, 1935, include gold and coin and Dominion notes held by the banks in Canada and deposits in the Central Gold Reserves not earmarked; since that date, they include notes and deposits with the Bank of Canada.

Year	Annual Average of Daily Figures	Annual Average of Month-End Figures	Year	Annual Average of Daily Figures	Annual Average of Month-End Figures
	\$	\$		\$	\$
1926.....	192,000,000	197,000,000	1936.....	225,000,000	225,000,000
1927.....	187,000,000	194,000,000	1937.....	240,000,000	240,000,000
1928.....	193,000,000	205,000,000	1938.....	254,000,000	252,000,000
1929.....	191,000,000	212,000,000	1939.....	269,000,000	268,000,000
1930.....	176,000,000	197,000,000	1940.....	289,000,000	287,000,000
1931.....	169,000,000	182,000,000	1941.....	313,000,000	308,000,000
1932.....	172,000,000	186,000,000	1942.....	342,000,000	340,000,000
1933.....	189,000,000	195,000,000	1943.....	423,000,000	413,000,000
1934.....	201,000,000	203,000,000	1944.....	538,000,000	527,000,000
1935.....	213,000,000	216,000,000			

Section 5.—Commercial Banking

Subsection 1.—Historical

Since one of the chief functions of the early banks in Canada was to issue notes to provide a convenient currency or circulating medium, it has been expedient to cover both currency and banking in the one historical sketch, which is given at pp. 901-905 of the 1938 Year Book. A list of the banks at Confederation appears at p. 897 of the 1940 Year Book and bank absorptions since 1867 are given at pp. 812-813 of the 1941 edition. A table at pp. 894-895 of the 1937 Year Book shows the insolvencies since Confederation; there has been none since 1923.

The Bank Act Revision of 1944.—According to statute the charters of the commercial banks in Canada are renewable every ten years and, at the same time, the Bank Act itself is revised. The revision of 1944 resulted in the following principal changes:—

An important feature of the revision was the reduction in the par value of bank shares (Sect. 10) from \$100 each to \$10 each, the objective being to create a wider public distribution of such shares.

The banks will now report annually to the Minister of Finance in a prescribed form their earnings and expenses, and such statistics will be published for the banks as a group (Sect. 53). Statutory effect was also given to the practical responsibility of the Minister with regard to inner reserves [Sect. 56(9)].