

6.—Annual Averages of Note Circulation in the Hands of the Public, 1937-46

NOTE.—Figures of circulating media in the hands of the general public for the years 1900-35 appear at p. 900 of the 1936 Year Book. Figures comparable to those shown below for the years 1926-36 are given at p. 959 of the 1946 edition.

| Year | Averages of Month-End Figures | | | Averages of Daily Figures of Total | |
|-----------|-----------------------------------|---|---------------|------------------------------------|-------------------------|
| | Chartered Bank Notes ¹ | Dominion or Bank of Canada Notes ² | Total | Amount ³ | Per Capita ⁴ |
| | \$ | \$ | \$ | \$ | \$ |
| 1937..... | 104,211,037 | 94,876,384 | 199,087,421 | 200,000,000 | 18.11 |
| 1938..... | 93,978,355 | 109,748,030 | 203,726,385 | 205,000,000 | 18.38 |
| 1939..... | 88,820,636 | 129,261,555 | 218,082,291 | 216,000,000 | 19.17 |
| 1940..... | 87,194,399 | 206,916,964 | 294,111,363 | 287,000,000 | 25.22 |
| 1941..... | 78,761,049 | 320,037,329 | 398,798,378 | 386,000,000 | 33.54 |
| 1942..... | 69,502,871 | 472,011,416 | 541,514,287 | 523,000,000 | 44.88 |
| 1943..... | 49,082,172 | 660,998,231 | 710,080,403 | 688,000,000 | 58.25 |
| 1944..... | 37,056,187 ⁵ | 821,330,660 | 858,386,847 | 835,000,000 | 69.73 |
| 1945..... | 28,636,174 ⁵ | 940,911,000 | 969,547,174 | 951,000,000 | 78.47 |
| 1946..... | 23,172,717 ⁵ | 981,727,494 | 1,004,900,211 | 992,000,000 | 80.60 |

¹ Gross note circulation of chartered banks less notes of other chartered banks.

² Total issue

less notes held by chartered banks and notes deposited in the Central Gold Reserves up to March, 1935.

³ Figures, to nearest million, supplied by the Bank of Canada.

⁴ Figures based on estimates of population as given at p. 100.

⁵ Gross note circulation only; notes of other chartered banks not available

Subsection 3.—Money Supply

The expansion in the money supply of Canada continued year by year from 1933 to 1946, amounting in the latter year to \$7,210,000,000, nearly three and one-half times as great as thirteen years before. Most of the expansion occurred in the war period from 1939 to 1945; the money supply which had been \$2,672,000,000 in 1938 was \$4,538,000,000 or about 170 p.c. greater in 1946.

Relative Importance of the Main Components of the Money Supply.—

It is customary to regard the money supply as consisting of notes and coin in the hands of the public and the sum of bank deposits subject to cheque. The striking feature during the war period was the predominant percentage increase in bank notes which made up 13.9 p.c. of the money supply in 1946 as against 7.6 p.c. in 1938. This expansion in use of notes indicates a shift in the distribution of income and in the methods of conducting trade.

It was estimated that the amount of subsidiary coin in the hands of the public increased 114.8 p.c. between 1938 and 1946. As the percentage gain was less than that of the money supply as a whole, the relative importance was less in 1946 than in 1938, dropping from 1.1 p.c. to 0.9 p.c.

The amount of the notes in the hands of the public is obtained by deducting the holdings of the different classes of banks from the total amount of Bank of Canada and chartered bank notes reported as in circulation. The amount of the subsidiary coin is estimated by deducting the holdings of the chartered banks and the Bank of Canada from the total amount outstanding as reported by the Mint.

The rise in bank deposits subject to cheque reflects the great expansion in economic activity since the beginning of the War. The sum of deposits was nearly 152 p.c. greater in 1946 than in 1938. Despite this increase, the relative importance