

7.—Summary Statistics of Currency and Active Bank Deposits, 1940-49

(Millions of dollars)

| As at Dec. 31— | Currency Outside Banks ¹ | | | Active Bank Deposits | | | Total Currency and Active Bank Deposits |
|-------------------|-------------------------------------|------|-------------------|------------------------------------|---|------------------------|--|
| | Notes | Coin | Total Currency | Chartered Bank Net ² | Bank of Canada 'Other' Deposits ³ | Total Bank Deposits | |
| 1940..... | 341 | 38 | 379 | 1,174 | 10 | 1,184 | 1,563 |
| 1941..... | 450 | 42 | 492 | 1,403 | 6 | 1,409 | 1,901 |
| 1942..... | 633 | 49 | 682 | 1,648 | 19 | 1,667 | 2,349 |
| 1943..... | 794 | 55 | 849 | 1,859 | 18 | 1,877 | 2,726 |
| 1944..... | 930 | 60 | 990 | 2,135 | 28 | 2,163 | 3,153 |
| 1945..... | 992 | 63 | 1,055 | 2,429 | 30 | 2,459 | 3,514 |
| 1946..... | 1,031 | 65 | 1,096 | 2,806 | 94 | 2,900 | 3,996 |
| 1947..... | 1,046 | 66 | 1,112 | 2,764 | 68 | 2,832 | 3,944 |
| 1948..... | 1,115 | 70 | 1,185 | 3,069 | 81 | 3,150 | 4,335 |
| 1949..... | 1,110 | 74 | 1,184 | 3,111 | 127 | 3,238 | 4,422 |

¹ Note circulation excluding notes held by chartered banks together with total coin issued by the Mint, less coin held by the banks.

² Demand and notice deposits, deposits of Provincial Governments, United Kingdom and foreign banks; less 'float' deposits, that is, cheques on banks as shown in month-end returns.

³ Excludes Government of Canada, chartered bank and foreign deposits.

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, at p. 895, for the years 1905 to 1934. 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 current market price of gold. The new data are to be found under the item "Reserves" in the "Assets" section of Table 1, p. 1031. As explained in the footnote to that table, under the Exchange Fund Order of Apr. 30, 1940, the gold reserves of the Bank of Canada were transferred to the Foreign Exchange Control Board and the requirement that the Bank should maintain a reserve of gold equal to not less than 25 p.c. of its total note and deposit liabilities in Canada was temporarily suspended.

Subsection 2.—Chartered Bank Canadian Cash Reserves

Before the Establishment of the Bank of Canada.—Up to March, 1935, legal tender cash reserves in Canada were made up partly of Dominion notes, partly of gold coin and bullion, and subsidiary coin, including these forms of cash held by the banks themselves, and as deposits in the Central Gold Reserves. In so far as these reserves were in actual gold or were in Dominion notes backed by 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