

has seemed to work fairly well because cheques may not be drawn against savings deposits. In Canada, however, cheques are, in practice, drawn freely against savings deposits and this poses an awkward problem. To omit all savings deposits of chartered banks would ignore the obvious fact that, for many people, a savings account is an active chequing account which is very similar to a current deposit. On the other hand it is known from available information that, of the total amount on deposit in savings accounts in Canada, much the larger part is, in practice, inactive. Chartered banks pay interest on the minimum quarterly balances in personal savings accounts, i.e., on the sum that has been left undisturbed for the quarterly period; from the amount of interest that is actually paid on this basis as compared with the nominal rate of interest, it is apparent that the aggregate minimum quarterly balances in personal savings accounts are, at present, about five-sixths of the total of such deposits.

It is felt, therefore, that a more realistic account of monetary developments in Canada—and one more comparable with the usual presentation of similar statistics in other countries—is obtained by omitting the minimum quarterly balances in personal savings deposits and non-personal notice deposits from active money statistics. It has seemed preferable to exclude these deposits on the basis that they are inactive in practice rather than to include them on the grounds that they are potentially active because cheques may be issued against them.

The published returns of Canadian chartered banks include among assets "Cheques on Other Banks" which represents the amount of cheques that have been credited to the deposit account of the payee but not yet cleared against the deposit account of the drawer. To the extent of such items in 'float' there is, therefore, duplication in the figures of bank deposits. In Table 8, "Cheques on Other Banks" has been deducted from the figure of chartered bank deposits in order to eliminate this duplication.

Government deposits are given different treatment in different countries as far as volume-of-money statistics are concerned. In general, the commonly used figure of bank deposits excludes Government deposits and, on the whole, it appears preferable to exclude Government of Canada deposits from the Canadian active money figures.

8.—Summary Statistics of Currency and Active Bank Deposits, as at Dec. 31, 1944-53

(Millions of dollars)

Year	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 Active Bank Deposits	
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
1950.....	1,136	78	1,214	3,430	207	3,637	4,851
1951.....	1,191	84	1,275	3,502	66	3,568	4,843
1952.....	1,289	88	1,377	3,751	45	3,796	5,173
1953.....	1,335	94	1,429	3,675	30	3,705	5,134

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.