I mean the ordinary silver and copper coins ?—Quite right.

Notes come into existence in a different way altogether. I put it to you that the banks are licensed to issue notes ?—That is so ; they are empowered by statute to do so.

Yes, and they have a monopoly ?—Yes, they have a monopoly of actual note-issue, but not of credit issue.

I am talking about the notes. If they have a monopoly of the note-issue, the credit instruments that the banks issue are connected with the note-issue ; they are greater than but are connected with the note-issue ?—They bear a relation to the note-issue to the extent that some of these credit instruments may be transformed into notes at will.

Have not the banks the monopoly of the issue of these credit instruments based on the note-issue ? —I do not say that the issue of the credit instruments is based on the note-issue. The note-issue has a duty to perform and credit instruments have a duty to perform, and some other system regarding the issue of notes would be necessary if this was not in existence.

Could the banks under the present system issue those credit instruments if they did not have the right of note-issue ?—There would have to be some right of note-issue or some statutory provision. When the Reserve Bank is in operation the bank must continue to issue those credits, but will not have this right of note-issue.

There must be some right of note-issue to enable the banks to issue the credit ?—In the case of a country where such credit is convertible into notes there must naturally be the notes.

If there is a monopoly of the note-issue, it follows that you have a monopoly of the credit issue too ?—Not necessarily. I do not see that ; other outside firms do not have the monopoly of issuing notes, but they can demand notes and can get them.

You say outside firms have the power to give credit ?—That is so.

Can they do that in the first place ? Must they not in the first instance obtain credit from the banks ?—Not necessarily. The total credit issued by the banks is £42,000,000, and the total amount of credit is well over £200,000,000.

Under what circumstances could a firm or individual in New Zealand give a credit, issue credit instruments, legal instruments, unless he had a credit with the banking institutions ?—If I bought a piano from you and I gave you an I.O.U. or promissory note, you would be issuing credit for the amount. You would enable me to exercise purchasing-power by means of a piece of paper without actually having money. You have increased the amount of credit. You have used my credit and the purchase takes place, but the settlement of the debt takes place later.

But I, as the owner of the piano, must have had a credit with the bank to get the piano in the first instance ?—On, no. We will put it this way : One person in every nine is a depositor, and one person in every nine has an overdraft. One in every four and a half has a bank account. Would you say one in every four and a half would have a piano ?

No ; it is only something to build up this credit on, surely ?—Not necessarily, because a credit may be based on real assets. I think the direction of that is the assumption that the banks have a monopoly of the real assets in the country, but that is not the case at all.

I think you misunderstand me ; I am still operating on Professor Walker's definition of money ?— Are you not talking about credit instruments ?

Yes.—Do you consider that Walker's definition of money includes instruments ? Would you mind reading it ?

Yes ; it is your own wording. I take it as being correct : " That which passes freely from hand to hand throughout the community, in final discharge of debts and full payment for goods, being accepted equally without reference to the character or credit of the person who offers it, and without the intention of the person who uses it to consume it, or enjoy it, or apply it to any other use than, in turn, to tender it to others in discharge of debts or payment of commodities " ?

Mr. Fussell : That means universal acceptability. " Without reference to the credit of the holder " ; I do not think you would accept a cheque without reference to the person issuing it.

Captain Rushworth.] A time payment agreement does not come within that definition ?—Cheques and credit instruments would not come within that definition. Unless guaranteed cheques, I take it ? Guaranteed cheques would. A guaranteed cheque would be a piece of money in the same way to all intents and purposes as a bank-note, but the proportion of that to the total amount of cheque currency would be negligible.

The great majority of credit instruments would be bills of various kinds ?—Sykes' definition of currency, " synonymous with money in its broader sense, and contains the two subdivisions of the coinage and the paper circulation—that is, bills, notes, cheques, postal orders, and similar forms of money ; they are regarded as not being money but currency."

They are not money in Walker's definition, quite obviously, but keeping within Walker's definition, do you not agree that the only parties licensed to issue money in New Zealand are the banks ?—Certainly not, because in accordance with Walker's definition, Treasury notes, Bradbury's, are money, and I should say that the banks have not the monopoly of issuing Bradbury's.

Mr. Fussell : Excluding Bradbury's, you are still including gold coins ?

Captain Rushworth.] No, I am satisfied with that. So far as Treasury is concerned, of course, the Treasury has not the legal right to issue notes in New Zealand, and we have no Royal Mint here to manufacture gold coins. In fact, they do not circulate. So that we come down to the practical result that, in the situation to-day, the banks operating in New Zealand have the monopoly of the issue of money ?—No, because the banks do not issue the coinage.

No ; I am sorry. I gave you that loophole ; excluding silver and copper coinage, the banks have the monopoly ?—The banks have a monopoly of issuing money to the extent that money includes only bank-notes at the present time.