

enactment redeemed them at the rate of ten per cent per annum, he would have the notes redeemed and out of circulation in ten years and the taxpayers would pay \$6,000,000 instead of \$12,000,000. If the minister suspends gold, as called for in the act, the dollar bill has nothing behind it except the promise to take from the taxpayers that amount of money. Why should the issuance of \$6,000,000 of treasury notes to erect a federal building, which would save the taxpayers another \$6,000,000, be considered inflation? It is a purely internal matter in no way relating to the minister's promise to pay any foreign obligation in gold. Yet the hon. gentleman fears that the moment he withdraws the provision with respect to the redemption of notes in gold we shall have inflation and our dollar will sink further in value in New York. I wish he would explain this to the house. Hon. friends to my left, most members on this side of the house and some hon. members opposite, are wondering why, when only one-fiftieth of an ounce of gold is held for every dollar—and by this legislation the minister proposes to remove even that guarantee—it should not be possible for us to treat our own currency as good, based on our faith in our dominion, and proceed to use our currency for the upbuilding of Canada and for the relief of the taxpayers.

Mr. BENNETT: I do not propose to enter into an elaborate discussion this afternoon of the matters raised by the hon. gentleman (Mr. Malcolm). His remarks will certainly be received with favour in some quarters, but not in any quarter where men have regard for obligations or a desire to conduct the business of the country on a sound basis.

Mr. MALCOLM: The Prime Minister will appreciate the fact that my remarks were in the form of a question and not of an opinion.

Mr. BENNETT: The last part of the hon. gentleman's remarks expressed an opinion.

Mr. MALCOLM: I asked why.

Mr. McINTOSH: He wants information. Give it to him.

Mr. POULIOT: Put a question mark.

Mr. BENNETT: The impertinence of the hon. member for North Battleford (Mr. McIntosh) is again in evidence—

Mr. McINTOSH: No worse than yours.

Mr. BENNETT: —but it is so commonplace that it is now regarded as one of the attributes of debate.

[Mr. Malcolm.]

Mr. McINTOSH: With you starting it.

Mr. BENNETT: If my hon. friend will look at page 2161 of the Canada Gazette he will find that we already have outstanding \$67,000,000 that has behind it no metal coverage. It is not a new thing that there should be currency issued without metal coverage in this country. This is the state of the finances of the country on March 13, 1933:

Dominion Note Circulation and Gold Holdings	
Provincial . . . . .	\$ 27,591 83
Fractional . . . . .	1,281,175 86
\$1 . . . . .	17,797,116 00
\$2 . . . . .	12,300,136 50
\$4 . . . . .	30,803 00
\$5 . . . . .	5,035,130 00
\$50 . . . . .	650 00
\$500 . . . . .	2,491,500 00
\$1,000 . . . . .	6,506,000 00
Legal tender notes for banks—	
\$1,000 . . . . .	1,000 00
\$5,000 . . . . .	8,430,000 00
\$50,000 . . . . .	121,800,000 00
	<u>\$175,701,103 19</u>

That makes a total outstanding of \$175,701,103.19 of promises to pay, on demand, by the Dominion of Canada, as indicated in each case on the face of the bill itself.

Mr. MALCOLM: Will the Prime Minister segregate the amount that is used purely as treasury notes from the amount used as circulating currency?

Mr. BENNETT: I shall come to that.

Statutory Authority for Issue	
Chapter 4, 1915 . . . . .	\$ 26,000,000 00
Finance Act, r.s. 1927, c. 70 . . . . .	41,944,000 00
Dominion Notes Act, r.s. 1927, c. 41 . . . . .	107,757,103 19
	<u>\$175,701,103 19</u>

Under our Currency Act the banks are called upon to hold in legal tender a certain proportion of their liquid assets. The exact figure I have not in mind at the moment—

Mr. SPENCER: Forty per cent.

Mr. BENNETT: I thought it was fifty, but my hon. friend says it is forty. That is included in the items to which I have already referred:

Gold held by the Minister of Finance—	
Against savings bank deposits (10 per cent on \$22,335,022.24) under the Savings Bank Act.	\$ 2,233,502 22
Against notes as required by Dominion Notes Act, r.s. 1927.	70,257,103 19
In excess of statutory requirements . . . . .	91,222 41
	<u>\$72,581,827 82</u>