

the banks were relieved of the liability of meeting their obligations in either dominion notes or gold.

Here we have gone a year and a half since England went off the gold standard, without removing that obligation to pay gold for dominion notes, and legally we have been on the gold standard all that time, but actually we have not because the government decided that they would override the Dominion Notes Act. I know that that is true, because, as I said before, I went to the Assistant Receiver General and asked him for gold, and I was refused. The minister said this afternoon that he did not think it was right to say that the government had refused gold, but a little later on I understood him to say that if the government were willing even to-day to hand out gold to everybody, the supply of gold would only last one day. The two statements do not go very well together. The Receiver General refuses to pay out gold. They handed me an application form to fill out. I regret I have not got it with me, but I hope the minister will lay one on the table so that it will be available to all the members.

Mr. YOUNG: We can all fill it out.

Mr. COOTE: Before I sit down I should like to ask the minister what reason there is for retaining this gold as a reserve for dominion notes that are issued, if we tell the people of the world: "You cannot convert these dominion notes into gold."

The CHAIRMAN: The hon. member must not wander too far afield.

Mr. COOTE: Mr. Chairman, I am sure my question is closely connected with the subject matter of the bill. The bill has for its purpose giving the government power to suspend redemption of notes in gold. I shall take this opportunity to read it:

Dominion notes shall be redeemable in gold on presentation at branch offices established, or at banks, with which arrangements are made for the redemption thereof as hereinafter provided. The governor in council may from time to time and for such period or periods as he may deem desirable, suspend the operation of this subsection.

The question I am putting is this: If the minister is now asking for power to suspend redemption in gold what is the use of keeping the gold in the treasury? Why not take some of the \$70,000,000 and meet some of our obligations with it? What is the use of keeping it there?

The CHAIRMAN: The fact that gold is kept does not alter the law. Gold has to remain there just the same.

Mr. COOTE: I am not sure whether I heard the chairman correctly, but it seemed to me that he was making an argument rather than stating a point of order.

The CHAIRMAN: I do not wish to curtail the hon. member's remarks.

Mr. COOTE: A year ago in this house the Prime Minister, speaking of the gold held as reserve for our dominion notes, and speaking of our outside obligations, said something to the effect that we had to meet practically a million dollars a day of obligations of governments, municipalities and public corporations. I believe his words as they appear in Hansard are as follows:

There is not enough gold to pay those all at once, but gold being a medium of exchange circulates, and in its circulation lies its value.

Referring to the hoarding of gold in Europe he said:

Gold therefore must circulate in order to be useful. When it does not circulate the value disappears and it is no longer a medium of exchange.

As I understand it, this gold in Canada is not going to be allowed to circulate, and therefore it seems to me its value will really disappear. It will not be valuable because it will not circulate. I am asking the minister whether now, when he suspends the redemption of notes in gold, he will use some of this gold to meet obligations in New York, thus keeping our credit good and allowing the gold to circulate and become useful, as suggested by the Prime Minister.

Mr. RHODES: I believe the answer is obvious. It is that under the statute or the law as it stands to-day, we must keep a certain reserve of gold. If the hon. member wishes to go beyond that and suggest that we should amend the Currency Act, that is a question which could be raised in the consideration of another measure. I submit however with all due deference that it does not arise in connection with this amendment.

Mr. COOTE: May I suggest to the minister that he consider the advisability of amending the next subsection so that we might issue up to \$100,000,000 in dominion notes against a twenty-five per cent gold coverage, instead of \$50,000,000 with the twenty-five per cent coverage, and release about \$37,500,000 worth of gold. I believe we would still have as good a percentage of gold coverage as some other nations of the world, the credit of which is still good. Especially if we are not going to allow anybody to get this gold out, the twenty-five per cent gold reserve for the first \$100,000,000