Saint George; Knight Grand Commander of Our Most Eminent Order of the Indian Empire; Knight Grand Cross of Our Royal Victorian Order; Our Personal Aide-de-Camp; Governor General and Commander-in-Chief of Our Dominion of Canada.

At Our Government House, in our City of Ottawa, this third day of September, in the year of Our Lord one thousand nine hundred and fourteen, and in the fifth year of Our Reign.

By Command,
P. Pelletier,
Acting Under-Secretary of State.

He said: At the last session of Parliament an Act was passed entitled "The Finance Act of 1914." In that Act the following powers, amongst others, were given to the Governor in Council—authority to make advances to chartered banks and to savings banks by the issue of Dominion notes upon the pledge of securities of such kind and amount as may be approved by the Treasury Board; authority to the chartered banks to make payments in bank notes issued by such banks, instead of in gold or Dominion notes; authority to the several chartered banks to issue excess circulation within a particular period of the year. Powers were also given to suspend the redemption in gold of Dominion notes; power was also given to proclaim a moratorium. Under subsection 5 of section 4 of the Finance Act it was provided that:

No proclamation issued under the provisions of this section should continue in force for more than 30 days after the beginning of the first session of Parliament held after the issue thereof unless it is approved by resolution passed by both Houses of Parliament.

The Governor in Council, in pursuance of the powers vested by the Act, issued a proclamation along the lines of the powers so vested. Those powers have been invoked to some extent, particularly by the chartered banks. Up to the 31st of January last the Government advanced to the chartered banks $14,400,000 in Dominion notes. Of that amount there has since been repaid to the Government $6,500,000, leaving $7,900,000 yet owing. Under the provisions of the Finance Act this amount is to be paid by the first day of May next.

The security required by the Act has been taken by the Government from chartered banks. The loans bear interest at the rate of 5 per cent. It has been thought advisable that this proclamation which has been issued by the Governor in Council, should be continued during the war. The vicissitudes of the war are such as to possibly require not only the exercise of the power, but the advantages which are provided for in the Act, so that the currency of the Dominion may enjoy that flexibility which is so highly necessary at this particular time.

Hon. Mr. BOSTOCK—I have listened with a good deal of interest to the statement of the hon. leader of the Government. He has not given us quite as much information as we would like to have. His statement refers only to the first subsection of the Act, dealing with advances of Dominion notes as authorized. He has not told us what the securities are which have been accepted by the Government for the authorization of these notes. Further with regard to the third subsection, the issue in excess of circulation by the banks, he has not told us whether that power has been exercised by the banks. We are all very glad to know that it has not been necessary in the interests of the country to deal with the question of the moratorium, and as it has not been included in the notice before us, I presume the Government does not consider, as far as the Dominion at any rate is concerned, that it is necessary to proceed with that. We have had notices from the Provincial Governments, and some of them have put a moratorium into effect, and some are dealing with the matter now, but I think it is a very doubtful question as to whether those moratoria were wise in the interests of the country.

Hon. Mr. LOUGHEED—I did not mention anything with reference to the third paragraph in clause 4, as mentioned by my hon friend, for the simple reason that it was unnecessary. No excess circulation has been issued by the banks. That power has not been invoked. The only power invoked has been the issuance of Dominion notes in the way indicated.

Hon. Mr. DAVIS—What interest is the bank paying the Government?

Hon. Mr. LOUGHEED—Five per cent as required by the Act.

Hon. Mr. CLORAN—What are the securities?

Hon. Mr. LOUGHEED—I cannot say what they are, but they are ample, and have been passed upon by the Treasury Board.

Hon. Mr. BELCOURT—What becomes of the provision with reference to the moratorium? What effect will the fact that it is not included in the renewal proclamation have?