

its capital—finds any morning that some depositors have withdrawn deposits, he is much concerned. In cases word is actually sent out to the branches of the bank all over the country that they must go slow on discounts and let up in accommodating the customers. Why? Because they know that if some persons are withdrawing their deposits to-day, others may be withdrawing theirs to-morrow, and in order to keep strong in case they are called upon to pay out more deposits, they refuse accommodation to the people. But, under the splendid new principle of rediscounting—new at least to America—when a bank manager finds that either his head office or his branch offices are being called on for deposits, he knows that he can take the notes already on discount in his bank to the reserve bank, cash them for 90 per cent or 95 per cent at a reasonable rate of interest, and have national notes to meet all his requirements and to pay depositors or any one else. Our banks are timid because of the present condition of affairs. They cannot rediscount; the bank that would rediscount in Canada to-day would lay itself open to suspicion. The great feature of banking in Europe, especially in London, is the system of rediscounting. The Bank of England, whenever it wants money or gold in a time of emergency, says to its bill brokers; 'Go out and sell these bills wherever you can, and bring us the gold.' Sometimes they are willing to submit to a farthing reduction in interest, and think nothing of it; they know that any day they can get either the gold or its equivalent. We must have that system in this country if we are to inspire our banks with confidence to carry on business at all times and to provide money sufficient for the business of the country.

The business men of Canada to-day are concerned even more about the currency of this country and about providing finances for the country's needs than they are with regard to the war itself. I believe that the country looks to-day to this Parliament for a clear declaration of the inauguration of a new policy with regard to banking and currency in Canada. It must come. It took a long time to work it out on the other side, but they have worked it out, and if we wish to stimulate our industry, to assist the development of our country and to find employment for our people, we must establish some such new system. In doing so it is not necessary that we should do anything hurtful to our banks; not for one moment do I propose that when they with-

draw their note issue the Government should take charge of and furnish the entire note issue.

There is an intimation in another part of the Order Paper that the Government proposes to issue additional notes up to any requirement as against securities deposited with fiscal agents of the Government named for that purpose. When we come to that I may discuss the matter at some length, but just now permit me to point out that the immediate requirement of to-day is not merely a war budget; it is a general budget; it is the declaration of a financial policy and the establishing of a system of taxation that will meet the requirements of such conditions as exist to-day. We want a currency and an expanded banking system that will meet all the requirements of the country. The farmers in the West want banking facilities in order to market their grain, and the best way of doing that is under a system of national notes. We are trying to ease off the situation in a roundabout way in regard to helping the farmers in the West. We propose to empower the banks to make loans on grain, etc., but if the banks have not the currency and have not the means whereby they may do so, what is the good of such legislation? The requirements of the country are in the direction of a much larger issue of national currency, and I think that the minister, when he brings down his resolution dealing with the issue of national notes, ought to make it at least \$100,000,000. Later he ought to take power to issue an amount of national notes for purposes of rediscount; if not at this session, then in the approaching session. We should then have a system of banking the fundamental principle of which would be (1) the currency of the country to be national currency based on the credit of the country and represented by national notes. (2) A system of rediscount by means of national notes.

Our banks practically confess that they are unable to carry on the business of this country. They are willing to help their present customers in a way, but can they help new customers? New customers have to be helped. The minister has various proposals in connection with rediscounting, as far as they go. He says the Government will make advances against securities deposited with them. Who is to be the judge to see that there is fair treatment in regard to that very matter? If it is put in the hands of the banks themselves, they may be willing to initial the securities of certain interests or individuals friendly to them.