

amount of gold paid out and forward names and addresses of those receiving it. Urge banks when applying for notes to take small legals during present crisis.

The question I would like to ask the minister is whether the department had any legal authority to send out such an order to its assistant receivers general and, if not, why was not payment of gold for dominion notes suspended by order in council? Did the government at that time not have power under the Unemployment and Farm Relief Act to suspend the provisions of the section which it is proposed to amend by this bill?

Mr. BENNETT: The present Minister of Finance was not then in charge of the treasury. The question is one of weighing again the effect upon our external situation in a moment of crisis and we took the course which we thought would do us the least harm, namely, prevented the export of gold. It was that action which was taken in September, 1931, to meet the then situation.

Mr. MACKENZIE (Vancouver): Was it not October?

Mr. BENNETT: No, September, 1931, when England went off the gold standard and we passed the order in council preventing the export of gold.

Just one word that I think may be useful to the committee. The hon. gentleman quoted from Sir Basil Blackett's *Planned Money* as to what money was, and he said: "notes were of value for what they would buy in goods or services." That is exactly the point so far as our notes are concerned. We have so large an obligation to meet in New York that we have to buy United States notes or bills, gold certificates or gold, and it is just my point that that is a service which has to be bought and paid for; that the value of our dollar depends upon the service it will buy in the way of exchange on New York, and that unless metal coverage were behind our dollar to the extent it is, it would sink more and more in value to a point where it would take too many of our dollars to buy a United States dollar in exchange for the purpose of liquidating our obligations, thus rendering it impossible for us to meet the situation. A better illustration of the reason we are trying to maintain our dollar amongst the currencies of the world could not be given. Just as Sir Basil Blackett says, it is an exchange service. We have to buy American dollars to the amount of about one million dollars every working day for which we have to pay in Canadian dollars, and the simple problem is how many Canadian dollars do you need to buy New York exchange for the obligations we have there to pay?

[Mr. Coote 1

Mr. COOTE: I do not know, Mr. Chairman, whether you will consider me in order if I once more discuss the possibility of buying New York exchange with Canadian dollar bills. The Prime Minister told us last year, and he said it very well too, that we do not buy American exchange with Canadian dollar bills.

Mr. BENNETT: We do in part.

Mr. COOTE: But these Canadian dollar bills come back the next day. If we are going to continue to meet these foreign obligations, and we have been meeting them with 25 cents a bushel wheat, which is ruinous to the producer, and similarly to the producers of pulp and paper and lumber and fish and cattle and hogs, it is time the producers got a better price. If they do not, their production is bound to drop off, and it is only out of the proceeds of that production that we can get foreign exchange to meet our obligations in New York. To continue meeting our foreign obligations, our exports must be kept up because it is from that source that we get the bulk of the exchange we need to meet these obligations.

It was pretty hard to hear exactly what the Prime Minister was saying. I cannot understand why it would not have been better for the government to suspend the redemption of notes in gold by order in council than by letter to the assistant receiver general. Surely it, is better to do these things in a legal way than in an extra-legal way—I do not know if that is the correct term. We should follow the same method that was adopted in England where the law was amended. We do not yet know whether the minister will suspend the redemption of notes in gold after he is given authority. The government had this authority in September, 1931, I understand, and if I am wrong I hope the minister will correct me.

I, as a Canadian, am concerned to see government action in this matter. It is very important to us that the law governing legal tender should be lived up to. Is the government going to continue to override the law, as I am sure they have been overriding it? I think we should be given some good reason why that has been done or we should be given the assurance that from now on the government will take the necessary action to bring the legal situation into line with the actual situation. We know that the act requires the paying out of gold for dominion notes. If we give the government this authority, will they suspend redemption of notes in gold? I think we ought to have that information.