reference to it. The bankers have made considerable use of the Finance Act, and I do not blame them because it is a great convenience. In 1918 they used the Finance Act to the extent of $282,000,000. The interest charge made by the government at that time was from three to three and one-half per cent. Among the various securities which can be taken by the banks to the treasury board are provincial bonds. In that same year four of the provinces found it necessary to go to the federal government for help, which they received to the extent of some millions of dollars. They deposited provincial bonds as security with the treasury board. While the private banks of this country were able to get advances under the Finance Act for from three to three and a half per cent, the provinces of Canada had to pay five and one-half per cent. I think it is very unfair that this should be the case. That same year I introduced a bill asking that the same privileges should be given to the provincial governments as were given to the private banks.

Mr. BENNETT: Does the hon. gentleman realize that in the one case you have a two-name paper while in the other case you have only a one-name paper?

Mr. SPENCER: I should like to know what the Prime Minister (Mr. Bennett) means by "two-name"?

Mr. BENNETT: You have the promise of the bank in addition to the promise of the bonds, while in the other case you have not. The bonds are primary debtors.

Mr. SPENCER: The Dominion government realizes the absolute necessity of not allowing the provinces to default, and their credit should be considered as being equally good. I have not the time at my disposal to give the house a complete list of the securities which may be taken to the treasury board by the banks, but a partial list is as follows:

(d) Promissory notes and bills of exchange secured by documentary title to wheat, oats, rye, barley, corn, buckwheat, flax or other commodity;

(e) Promissory notes and bills of exchange issued or drawn for agricultural, industrial, or commercial purposes and which have been used or are to be used for such purposes.

Surely provincial bonds are as good as these.

Mr. HACKETT: Have they ever been taken?

Mr. SPENCER: They may be taken.

[Mr. Spencer.]

Mr. HACKETT: Have they ever been taken?

Mr. SPENCER: They may be taken.

Mr. HACKETT: Have they ever been taken?

Mr. SPENCER: Probably, as they can be under the act.

The war was largely financed by the extension of credits made against war bonds bought by such credits. One has only to refer to that most interesting book by Sir Thomas White entitled "War-time Finance" to find that he makes a remark something like this: During the war, Canada surprised not only herself but the world when her people subscribed twice as much money as there was in Canada for war bonds and still left ample money with which to carry on increasing business. Anyone who has looked into the financing of the war knows how it was done. One questions very much the right or the wisdom of the government of that day in piling up debt by allowing the banks to finance the war instead of doing it themselves.

In 1914 some $26,000,000 was issued direct by the treasury, $10,000,000 to the Canadian Northern, $6,000,000 to the Grand Trunk and $10,000,000 for general government purposes. On looking up the records I find that the collateral accepted by the government of the day for the $16,000,000 loaned to the railways was railway securities guaranteed by the Dominion government. At that time we took securities which we ourselves had guaranteed!

I should like to refer for a moment to the $35,000,000 deal put through about two years ago. We well know that this was done quite in order with dominion treasury bills. They were turned over to the banks as security for the line of credit given to the dominion. The banks had the privilege of taking those treasury bills to the treasury board and obtaining dominion notes, and they availed themselves of that privilege. The banks charged four per cent for their book-keeping, while the government charged the banks three per cent for issuing legal lender. Running for a period of two years the difference amounted to something like $700,000. At that time the government financed itself to the extent of $35,000,000 at a cost of one per cent. It could have been done for less because it certainly did not cost the banks that much. Why cannot that be done today? Why do we have to go out into the market and pay four or five per cent? It would be no more inflation to issue notes than to issue a credit drawable by cheque.