

under the Finance Act, 1914, was read the second time and the House went into Committee on the Bill, Mr. Boivin in the Chair.

On section 1—proclamation of 3rd September, 1914, under Finance Act, 1914, continued in force for two years after war; power to terminate operation of proclamation sooner:

Mr. LEMIEUX: Would the Minister of Finance kindly explain?

Sir THOMAS WHITE: I gave a very full explanation of this when we were in Committee upon the resolution. The purpose of this Bill is to continue in effect, so long as may be necessary and for a period not exceeding two years, the proclamation under the Finance Act whereby chartered banks are permitted to issue excess circulation from March until August in each year, and certain other provisions which have been in effect during the war. I explained to the House that it was thought that international conditions would be unsettled for a year or more, and there is no question as to the advisability of the Government continuing the power to bring into effect the provisions of the Finance Act. Under the terms of the Finance Act the provisions in question can only be brought into effect under certain contingencies—in case of war or panic. The War Measures Act comes to an end on the conclusion of peace. It is desirable, for the same reason that I explained in connection with the resolution which has been adopted by the House, that the Government should have power to continue the regulations in effect, and this Bill is for that purpose.

Mr. LEMIEUX: Have the banks taken advantage of this permission to any degree?

Sir THOMAS WHITE: Yes. The measures that were adopted at the beginning of the war, and which were embodied in the Finance Act, 1914, have worked out, I am sure I am not overstating it when I say, admirably. The banks have taken proper, and not improper, advantage of them. The result has been that Canada has been able to finance herself through this war in a highly creditable manner. I think that would be agreed by all. It has been a very great tribute to the strength and flexibility of the banking system under the provisions of the Bank Act and also under those of this Finance Act which was passed in 1914.

On section 2—Paragraph (c) re excess circulation of banks extended to 1919 and 1920 subject to termination with rest of proclamation:

[Sir Thomas White.]

Sir THOMAS WHITE: I sent for the Gazette and I find that the chartered banks have on hand \$86,000,000 in gold and \$191,000,000 in Dominion notes, the Dominion notes, of course, being secured by gold to the percentage that I mentioned a little time ago to the House, and in addition by the deposit of securities, the aggregate of securities in gold being 88 per cent. It is a very strong situation.

Mr. SINCLAIR (Guysborough): We are authorizing excess circulation by this section. Will the minister state how much excess circulation is now issued by the banks?

Sir THOMAS WHITE: I am unable to give that information now. My hon. friend knows that from August until March, for many years past, the banks have been authorized to issue excess circulation for the purpose of taking care of the financing of the Western wheat crop and meeting the other demands on them which expand in the fall. It was to enable them to meet further expansion, due to war conditions, that this provision was enacted authorizing excess circulation from March until August—that is, the balance of the year. My hon. friend also knows that the banks are charged five per cent upon that excess circulation, which is a check upon them.

Mr. SINCLAIR (Guysborough): By the Government?

Sir THOMAS WHITE: By the Government. It is not any object to a bank to issue excess circulation beyond the strict necessities of its business, because it has to pay five per cent upon that excess circulation. That is the restraint upon it. If my hon friend is interested in the subject I will give detailed information at a later date when the estimates of the Department of Finance are under consideration.

Mr. SINCLAIR (Guysborough): I think it would be interesting to the country to know the extent to which the banks take advantage of this provision, and also the amount which the Finance Department has realized out of its five per cent.

Sir THOMAS WHITE: I shall be very glad to get that information and furnish it to the House when the estimates of my department are under consideration.

Mr. CAHILL: Will the Acting Prime Minister explain the \$10,000,000 of gold deposit?

Sir THOMAS WHITE: I sent out for the Gazette, and, pointed out, probably in my hon. friend's absence, that the banks hold