

silver, silver certificates, for a ten dollar Canadian bill, which is a promise to pay in gold. It must be a matter of confidence, altogether.

Mr. BENNETT: No, it is not confidence altogether. The question of silver has something to do with the practice. It will be within the memory of hon. members that by statute of the congress of the United States it is provided that either \$360,000,000 or \$420,000,000—I am not just sure of the figure—could be minted in silver for which there would be a paper certificate issued indicating on its face that there has been deposited in the treasury of the United States so many silver dollars as against that paper. I made inquiries in that connection. Certainly anyone who receives a silver certificate in times like this would ask himself why it is that a silver certificate should be worth \$1.10 in Ottawa, when the silver dollar for which you would exchange it in the United States was only worth something like forty-three cents in actual metal value.

My informant in the United States told me that in practice they redeem them in gold.

Mr. MALCOLM: They are not bound to, though.

Mr. BENNETT: But he said they were bound to retain their gold standard position. That is the answer, or that is the story as told to me, because I desired to have the matter cleared up for my own satisfaction.

Now let us get back to the point we were discussing. If a country issues paper money in which it promises to pay the sum indicated on the paper that is issued, and that is without security, it is worth in your own country just what you determine—probably the face value of the paper itself. It is worth abroad just what the confidence in that inconvertible promise to pay gives to it. Sir Josiah Stamp said—and I can but repeat what he said, because I do not pretend to know, that man had not reached that stage of perfection in which he was prepared in one country to have such confidence in that inconvertible promise to pay as to value it at its indicated value in all countries.

Mr. EULER: Who fixes the degree of confidence of the other country? Isn't it the bankers?

Mr. BENNETT: Recent events seem to show that is not so.

Mr. MALCOLM: It is trusting metal rather than men.

[Mr. Malcolm.]

Mr. BENNETT: Undoubtedly that is so. And, undoubtedly, as the hon. gentleman has said, that has been so for ages. Not for twenty-five, thirty, fifty or even hundreds of years, but it has been so for ages. That is the reason we have our whole banking system. The whole basis of it is that. And the fact that man was moving from place to place, and for that reason must carry with him his own currency—doing that has created that measure of lack of confidence which induced, for instance, the paymasters of the British army always to carry gold sovereigns in their chests and not paper money. Why? Because the sovereign was worth in the country in which it was paid out to soldier, sailor or anybody else its par value always, or more, in the currency of the country in which it was paid. That is the reason.

We cannot get beyond the fundamental basis of the whole business of currency, and that is this, that mankind saw fit to issue paper as being more convenient to handle and deal with than metal, for the purpose of disposing of obligations and debts, and for trade facilities. He did not base it entirely upon confidence. If he had based it entirely upon confidence the trade of the world would have been sadly disturbed by now, would it not? History has taught at least that you cannot rely upon confidence alone. And it is international agreement and arrangement among nations of the world that determine to what extent confidence shall be supported by something else. Confidence plus is what gives value to my dollar in New York to-day.

Mr. MALCOLM: How much good was the "plus" in the case of Russia?

Mr. BENNETT: What does the hon. member mean?

Mr. MALCOLM: How much good was it? Russia had gold behind her currency before the revolution.

Mr. BENNETT: Her money before the revolution was good money, in London, Paris or anywhere.

Mr. MALCOLM: What good was the "plus" when Russia upset its government?

Mr. BENNETT: She destroyed the "plus"; that is the reason, exactly, that it had little value—because she destroyed the "plus." I wish to make clear to the committee that I am only voicing my own conclusions which have been based on fairly extensive inquiries that I have made when I have met men who were in a position to give me information. I have been told by a great many men from