

Council otherwise provides, be required to maintain a minimum or fixed reserve ratio of gold or foreign exchange to its liabilities.

I am in favour of that section, but I think it should go further and segregate forever our gold reserves from our internal currency. In 1937 we passed an act of parliament—probably most honourable senators have forgotten it—called the Gold Clauses Act. I want to recall that statute because of this proposed extension to the law. It is chapter 33 of the Statutes of Canada, 1937. Let me read a few of the sections:

2. The expression "gold clause obligation" in this act means any obligation heretofore or hereafter incurred (including any such obligation which has, at the date of the commencement of this act, matured) which purports to give to the creditor a right to require payment in gold or in gold coin or in an amount of money measured thereby, and includes any such obligation of the government of Canada or of any province.

3. In the case of any gold clause obligation payable in money of Canada, tender of currency of Canada, dollar for dollar of the nominal or face amount of the obligation, shall be a legal tender and the debtor shall, on making payment in accordance with such a tender, be entitled to a discharge of the obligation.

6. Every gold clause obligation is hereby declared to be contrary to public policy and no such provision shall hereafter be contained in, or made in respect of, any obligation.

Here is another absurdity in the face of a declaration that in Canada a gold obligation is against public policy and it is illegal to carry a fixed reserve of gold in the Bank of Canada, because no one can ask the Bank of Canada for gold in settlement of its promises to pay on its printed currency. We should do away with the nonsense of the Bank of Canada's promise to pay, for example, the holder of a two dollar bill the sum of \$2. The fiction of the promise to pay ought to be wiped off our Bank of Canada bills forever. I mention that because more than passed immediately before the eye turned up in the committee. We learned that the people of Canada were financing this Foreign Exchange Control Board to the extent of \$1,300,000. The board got the money from Canada, and is paying the Department of Finance—the Government of Canada—the same rate of interest that it is costing Canada to raise that money, one-half of one per cent. I do not know what thought came to other members in the committee when the Governor of the Bank of Canada disclosed the rate of interest the Foreign Exchange Control Board was paying, but I asked myself: Why is it that this repressive and restrictive board should be able to get its finances at a rate of one-half of one per cent, while a great Canadian corporation like the Canadian National Railways System, hopelessly in need

Hon. Mr. McGEER.

of new roadbed, new rails and new rolling stock, has to pay two or three times that much for its money.

Hon. Mr. KINLEY: Call loans.

Hon. Mr. McGEER: Call loans, nothing! You can make call loans on the Canadian National Railway itself; they can be converted into cash just as quickly as this stuff can. What about our cities today? They are bankrupt.

Hon. Mr. DUFFUS: Not all bankrupt.

Hon. Mr. McGEER: You say not?

Hon. Mr. DUFFUS: I certainly say they are not. My city is not bankrupt; in fact, it is in very splendid financial condition.

Hon. Mr. McGEER: Do you mean the city of Peterborough?

Hon. Mr. DUFFUS: I mean the city of Peterborough.

Hon. Mr. McGEER: Well some of the smaller towns may not be bankrupt, but I know the position of my own city of Vancouver, and that of Montreal and Toronto. I know the deferred maintenance that these cities have accumulated.

Hon. Mr. DUFFUS: Maybe the city of Vancouver was very incompetently managed under my honourable friend.

Hon. Mr. McGEER: That may be true.

Hon. Mr. CAMPBELL: I should like to say something in support of the city of Toronto. It now has the lowest debt in twelve or fifteen years.

Hon. Mr. McGEER: I agree, but it has a very large accumulation of deferred maintenance, and certainly the municipalities around Toronto are in need of a great many things. In any event, I know what happened in the Dominion-Provincial Conference. The provinces' demands were flatly refused by the national government, which creates a serious crisis in the Dominion of Canada today.

It is very well to say that our cities are in good shape, but look at the slum areas and ask any leaders in the larger cities about the unlimited amount of money that should be spent for the slum clearance, beautification and the improvement of general accommodation for the benefit of health and education. The need is the same in all the cities across the dominion.

Hon. Mr. BENCH: As far as Vancouver is concerned, there is the rumour around that my honourable friend intends in the near future to take some steps to bail it out of its difficulties.