

study our financial background, we shall find some of the most astonishing facts of which we have ever learned. For example, we shall find that prior to the time of Queen Elizabeth the average educated person knew almost everything about money. The king made the money, and made it in accordance with the needs of the people. In a most astonishing way kings were able to keep price levels even and steady.

How was that done? It is a most interesting study. Until 1694 there was no national debt in Great Britain—not because they did not have wars. Why did the national debt in Great Britain commence at exactly the same time that the Bank of England commenced operations? Why has it grown, in most prodigious proportions ever since? That is a matter which would give anyone cause of serious reflection. Let us examine the first major transaction of the Bank of England. I believe that would be a help in learning the theory of the new economics. William III needed money. A number of well-to-do men, under the leadership of William Paterson, approached the king and in effect said, "We will raise £1,200,000 in gold, and will lend it to you at eight per cent interest, if you will give us the right to create £1,200,000 in paper notes. You may use the £1,200,000 of gold; you may pay us interest on it; you may owe it to us, you and your children and your children's children for a thousand years, and continue paying interest on it. That is just what we want. In turn, we will take the notes and lend them to our friends." When that transaction was consummated, the men who formed the Bank of England created out of nothing but paper £1,200,000 in money. That they realized fully what they had done is to be concluded from these words, which were written by Mr. Paterson:

If the proprietors of the bank can circulate their own fundation of £1,200,000 without having more than two or three hundred thousand pounds lying dead at one time with another, this bank will be in effect as £900,000 or a million of fresh money brought into the nation.

Hon. members will find that statement in the History of the Bank of England by Doctor Andreades.

Mr. Speaker, I would ask that you call it eleven o'clock.

At eleven o'clock the house adjourned, without question put, pursuant to standing order.

[Mr. Blackmore.]

**Tuesday, March 1, 1938**

The house met at three o'clock.

### STANDING COMMITTEES

#### BANKING AND COMMERCE—CONCURRENCE IN SECOND REPORT

Mr. W. H. MOORE (Ontario) presented the second report of the standing committee on banking and commerce, and moved that the report be concurred in.

Motion agreed to.

#### MARINE AND FISHERIES, RAILWAYS, CANALS AND TELEGRAPH LINES, MISCELLANEOUS PRIVATE BILLS—CHANGES IN PERSONNEL

Right Hon. W. L. MACKENZIE KING (Prime Minister) moved:

That the name of Mr. White be substituted for that of Mr. MacNicol on the standing committee on marine and fisheries.

That the name of Mr. MacNicol be substituted for that of Mr. White on the standing committee on railways, canals and telegraph lines.

That the name of Mr. Kuhl be substituted for that of Mr. Johnston (Bow River) on the standing committee on miscellaneous private bills.

Motions agreed to.

### ST. LAWRENCE WATERWAY

#### TABLING OF CORRESPONDENCE—ST. LAWRENCE DEEP WATERWAY TREATY 1932, NIAGARA CONVENTION 1929, OGOKI RIVER AND KENOGAMI RIVER (LONG LAKE) PROJECTS, AND EXPORT OF ELECTRICAL POWER

Right Hon. W. L. MACKENZIE KING (Prime Minister): I desire to lay on the table copies in French of correspondence and documents relating to the St. Lawrence deep waterway treaty, 1932; Niagara convention, 1929; Ogoki river and Kenogami river (Long lake) projects, and export of electrical power; also a copy of a communication dated February 25, 1938, from the Premier of Ontario to the Prime Minister of Canada, with reference to the Kenogami river project.

A reply to the communication I have just tabled was sent to the Premier of Ontario to-day, but I do not think it should be tabled until after it has been received by him.

### SOLDIER SETTLEMENT

#### INTEREST RATE ON REPAYMENTS OF TAXES AND INSURANCE PREMIUMS—ARREARS OR INSTALMENTS SUBJECT TO BONUS PRIVILEGES

Hon. T. A. CRERAR (Minister of Mines and Resources) moved that the house go into