

those companies, secured by bar silver as collateral, with a proper margin, and re-hypothecate those notes with the Government as security for advances to be made. There is no doubt that, with a proper margin, you could not have better collateral than bar silver. At present, on account of the war, a severe decline has been experienced in the price of silver, and the market has been greatly limited, but these conditions we trust are temporary.

Mr. A. K. MACLEAN: What provision does the minister make with respect to the Dominion notes which shall be issued against approved securities on payment of the loans? Does he take power to destroy the notes after the payment of the loans?

Mr. WHITE: When notes are put into circulation, whether by advances to banks or otherwise, some of them get into the hands of the general public. Possibly the greater amount would be in the hands of the banks as part of their liquid resources. Of course, when the loans made by the Dominion through the issue of Dominion notes to the banks are repaid by the banks, that money goes into the consolidated fund and is there for the purpose of redeeming Dominion notes, or for other purposes.

Mr. MACLEAN: Is it the intention of the Government to redeem those notes promptly, and not to allow them to remain in circulation?

Mr. WHITE: It should be the policy of the Government to get in as soon as possible any redeemed Dominion notes issued under this arrangement, so that all Dominion notes issued would be governed by the new Dominion Notes Act which we have just passed; that is to say, that up to \$50,000,000 we shall hold 25 per cent of gold reserve, and, as to the balance, dollar for dollar in gold.

Mr. MACLEAN: Upon payment of these loans, will the minister have power to reduce the note issue at some time to the amount fixed by the Dominion Notes Act?

Mr. WHITE: We would have power in this sense, that we would have the funds to do it. Of course, we have not the power to compel the surrender of Dominion notes which would be generally held throughout the country, in the hands of the public and of the banks.

Mr. CARVELL: Do you destroy any of them to represent the amount of money returned?

Mr. WHITE: There is no object in destroying them, because we desire to have stores of Dominion notes in our treasury. The demand for Dominion notes especially in the fall, is very great, but notes are coming in all the time. Those that are defaced are destroyed; those not defaced are available to be issued to meet the needs of the country. The amount outstanding at any time determines the liability of the Dominion in respect of these notes. When an advance is paid off, the Government's position is to that extent improved, and whatever notes it has from time to time in its treasury are notes not issued, but available to be issued in the future under legislative authority.

Mr. CARVELL: It is like buying back your own bonds.

Mr. WHITE: Precisely.

Mr. McCURDY: I wish before the clause passes to advert to the conditions which the statements of the hon. members for Guysborough and Carleton, N.-B., and the Minister of Finance indicate now exist in the country. On the one hand, the hon. members state that bank credits are being seriously curtailed. I do not know on what basis these statements are founded, but it is said that instructions have been sent out by bankers to their branches that in some lines of manufacturing, at any rate, the usual credits are not to be granted during the coming winter. On the other hand, the Minister of Finance states that up to the present the facilities provided by the Government for advances to the banks have not been in any instance availed of, although the terms provided are sufficiently liberal to allow bankers to do so profitably.

I think we are justified in expecting that these facilities provided for the general good and to prevent pressure and unemployment shall be availed of and fulfil their intended purposes. If not, some other scheme must be devised to meet the emergency and the unnecessarily distressing conditions which will otherwise grow out of it. We all realize that the banking interests of the country are primarily in the business of banking for the sake of gain. In that regard their driving motive is not different from that of those in other lines of business.

There exists, apparently, a marked aversion on the part of bankers to take advantage of the credit facilities provided by the