

finance the general business of Canada. What ought to commend itself to this House and to this country in the light of the experience of the present day and of the great progress of national finance and banking as illustrated by the practice in other countries? It is that the currency of the country, that is the money in circulation, ought to be absolutely the creation of the Government, and it ought to rest on the security of the State and on the credit of the nation. We should not rely upon our banking organizations for the currency, but should have an absolutely stable currency in large amount in the shape of national notes secured by gold reserve. In the United States the Secretary of the Treasury took the necessary authority, and to-day has \$500,000,000 of government notes which he can deposit in any of the banks for the purpose of moving the crops. We have gone at it in a roundabout way. We have allowed our banks to increase their currency by 15 per cent on their capital and reserve, and in a way that has relieved the situation. But it is not sufficient for the condition of affairs that exists to-day. What they have done in the United States with so much success is what we must do. But, more than that, it is proposed here, according to another resolution I have seen, practically to adopt this principle of rediscount by means of national notes. I commend that absolutely. In view of the distressed condition of the country, in view of the fact as stated by the Minister of Finance that unemployment is in sight, that there are factories and industries which would be willing to give employment but cannot do so because they cannot get the necessary accommodation from the banks, it is the duty of Parliament to find a way, by improvement of our banking laws and our currency laws, to insure sufficient capital and sufficient currency to carry on the business of the country.

The system of national currency has been adopted all over Europe except in Great Britain. And to-day, practically, the Bank of England note is a paper issue guaranteed by the State. It may be based on gold, but the Bank of England paper to-day is practically what may be described in the words of the United States Secretary as 'government money.' And that is the best money in the world. It used to be called 'greenbacks' in the old days in the United States. United States notes are the best money in the United States, and it is the best money in Canada to-day, and we must

have that system. We have not the right kind of currency nor the right kind of banking.

Mr. MACDONALD: What do you propose?

Mr. MACLEAN: Practically two things. The metal currency of the country in the form of tokens is absolutely provided by the State. Why should not this State follow the example of all progressive states and have all the currency of the country in national notes or tokens secured by a gold reserve—the amount of which I will not discuss—thus providing an issue of a national currency that will be elastic enough to meet conditions?

Mr. MACDONALD: Would you issue that currency to the banks?

Mr. MACLEAN: At present the banks issue over \$100,000,000 of their notes, and that together with the Dominion notes and coinage, practically supplies the needs of business. Instead of allowing the banks to issue notes, I would lend national notes to every solvent bank up to within its paid up capital and rest. The details of interest charged therefor I will not go into now, but the interest rates should be low. Then let the banks withdraw their issue. In this way you would immediately do away with the foolish and antediluvian business of the banks exchanging their notes through the clearing house, balances being settled in Dominion notes which are practically gold. That is a roundabout way. With a national currency secured by gold there would be none of this clearing house work, and our national notes would circulate in the United States as their national notes circulate here. The United States had to finance itself in times of stress and trouble by means of national notes. For a while these notes were at a great discount. I can remember when what was called 'gold' was quoted at \$1.60. That is, if you had \$1.60 in United States national notes you could get for it one dollar in gold. But those notes came to par and they are the best money in the world to-day. To my mind, that is the only currency suitable to the conditions of this country.

Now, let me tell the House and the country what is the actual condition of business in this country to-day. The banks are organized largely on the deposits of the people, and if the manager of a bank—I care not how large it is or how great

[Mr. W. F. Maclean.]