

*The Address—Mr. Blackmore*

outlined by the royal commission on banking and currency in Canada in paragraphs 135-38 inclusive. At page 40 of this report, published in 1933, may I read:

In normal times the Minister of Finance may make advances of dominion notes to the chartered banks and to those to which the Quebec Savings Bank Act applies upon the pledge of:

(a) Treasury bills, bonds, debentures or stocks of the Dominion of Canada, Great Britain, any province of Canada, and of any British possession.

It is an unchallengeable fact that every Canadian finance minister from 1923 down to the passage of the Bank of Canada Act of 1934 possessed the power to create in normal times Canadian dollars backed by approved securities, and advance those dollars to Canadian chartered banks. It is uncontestedly true that between the outbreak of world war I in 1914 and the end of 1917 the then Canadian finance minister, who was Sir Thomas White, issued and placed in circulation in Canada \$76 million in Canadian notes with no Canadian backing except that of the credit of Canada, that is, with no backing but Canadian goods and services and Canada's ability to produce more goods and services and to deliver such goods and services as required, when required and where required. This I have shown by reference to paragraph 47 on page 22 of the report.

It is true that under the finance acts of 1914 and 1923, the backing of Canadian notes was to be securities of a particular and specified kind as listed in paragraph 135 on page 40 of the report. One class of this kind is given in paragraph 135 as "treasury bills, bonds, debentures or stocks of the Dominion of Canada." I am quoting that again so as to help the editor of the *Financial Post* to get it.

Any quantity of Canadian bonds could easily be created. What was to be the limit of the amount of Canadian bonds which could safely be created? That is the thing we want to know. That limit, basically, must be Canada's credit, her real credit; that is, her ability to produce or to acquire and to deliver goods and services. What was the backing of the made-beaver money? Goods and services. What was the backing of the French playing card money? Goods and services. What was the backing of the Guernsey island notes? Goods and services.

We have in Canada goods and services today. No one will argue about that. We have goods and services of sufficient variety

and quantity. Dominion notes of 25 cents, \$1, \$2, \$500 and \$1,000 were legal tender which of course means, as everyone in this house knows, that when a person tendered a note of one of these denominations in settlement of a debt the person to whom he offered it was obliged to accept it or to cancel the debt. See paragraph 133 of the report. For a time after world war I the holder of a dominion note could call for gold—

**An hon. Member:** Hear, hear.

**Mr. Blackmore:** But the gold redemption clause was suspended in April 1933. Hear, hear—did you get that?—"by order in council."

Now it could be said for the purpose of illustration that Social Crediters have advocated, and still advocate, that within well defined limits—note that expression—dominion dollars, either paper or credit, should be issued by the finance minister and by him held available to be employed for helping people to buy whatever needed goods and services might be found in excess in the nation's inventories; excess, not because the consumers could not or would not consume the goods, if they could afford them, but because the consumers lack the money with which to buy. And if today we had in force in Canada the finance acts of 1914 and 1923, then issuance of such notes as I have referred to for the purpose of illustration would constitute a use of the finance acts of 1914 and 1923. Yet the Social Crediters have been called crack pots! Go to Sir Thomas White's ghost and see what he would say. To all intents and purposes it is exactly similar to the \$16 million backed by railway securities and the \$10 million issued backed only by the credit of Canada.

**Mr. Speaker:** Order. Perhaps the hon. member would find this a convenient place at which to stop.

On motion of Mr. Blackmore the debate was adjourned.

**BUSINESS OF THE HOUSE**

**Mr. Green:** We will continue with this debate tomorrow.

At ten o'clock the house adjourned, without question but, pursuant to standing order.