

my approval, will meet with the approval of the Canadian people. We must do our share in maintaining the honour of the Empire, and we shall do it both in the way of money and in the way of sending our contingents to the scene of warfare. That sentiment was well expressed yesterday on both sides of the House; but while we have to raise money to meet the ordinary expenditure of this country and for war purposes and because of the same extraordinary conditions which have arisen, we must also do something in order to carry on the ordinary business of this country. We must do something for the Empire, but we must do something also for Canada. The minister in his speech referred to the fact that business was more or less dislocated by this great war which has sprung up in Europe and to which we are a party. We must, however, carry on the business of the country; we must keep our industries and manufactures going; we must find employment for our people. While this is a war measure and dealing with sources of income for the Dominion, we must find some way—and a budget must deal with the general situation in the country—to increase the currency and the credit resources of this country for the benefit of trade. The present issue of Dominion notes is thirty million dollars with a gold reserve of 25 per cent. The minister proposes to increase that issue to fifty million. I commend him for doing so, but will that be sufficient? While it may be sufficient for the ordinary commitments of the country and the war expenditure, is there in it any provision for keeping trade going and of preventing, if possible, the stagnation which threatens to overwhelm the industries of this country? The Government ought to ask for power to increase the issue of Dominion notes to at least one hundred million dollars and, if necessary, to keep the gold reserve at 25 per cent. In order to secure gold sufficient to maintain the reserve at 25 per cent, we might have to issue bonds. Perhaps in time of war it might be necessary to have a 25 per cent gold reserve; a 15 per cent reserve would probably meet the circumstances. I am not going into the details of that; but it is absolutely necessary that the issue of Dominion notes should be greatly increased over the amount proposed by the minister, and the necessary gold reserve can be secured to maintain that currency in the best possible shape.

The minister has also made the proposal to use Dominion notes to any amount for

what is practically general business purposes. In connection with the currency of Canada I have advocated in this House on previous occasions that we ought to have a system of rediscount in this country such as now exists in the United States and for which there is now organized a system of reserve banks scattered throughout the United States. In that proposal there is the central idea that the United States are not going hereafter to look to the banks for the currency and the credit of the business community; but they intend to make the currency rest upon the credit of the country; and they intend to make the currency rest upon the credit of the country by way of national notes secured by gold reserve, and also by increasing the available money of the country by establishing reserve banks or banks of rediscount which will rediscount for the banks by use of national notes, commercial paper and other securities that may be offered to the banks. In Canada with the commitments that we have and confronted as we are with this great war, not only must we have means of increasing the resources of the Government for war and for ordinary purposes, but we must have means to supply the country with sufficient currency to carry on business. It might be said that our banks can do this. Can they? Is the Government to-day, in the face of this war, able to go to the banks of this country for assistance? Our banks to-day have of total available assets one thousand five hundred million dollars. Yet apparently the Minister of Finance says to-day that he sees no prospect of getting money from the banks for the special requirements to which he has referred, but that he must go as a borrower outside of the country. That is probably the right course to pursue; but does this House and this country know that of that one thousand five hundred million dollars, \$133,000,000 is used up by call loans outside of Canada and \$67,000,000 of call loans in Canada? If our banks had not sent that \$200,000,000 out of the country for purposes of stock speculation—which I absolutely deprecate, because it is not to the welfare of the country—that money would be available to meet this situation; but it is not available. Business is likely to be paralyzed in this country; and at a time when we are going into ways and means and discussing the special conditions of this country, we ought to discuss the broader and greater issue, namely, not only how we are to finance the Government but how we are to