

The Address—Mr. Blackmore

from? During 20 years every Liberal minister who has spoken upon the subject has positively affirmed that all the money available to the government had to come from taxation, that is, to come from the pockets of Canadians. Are the ministers of the Diefenbaker government intending to make the same declaration? Is the present government going to maintain that it can have no dollars to spend except those which they can wring from our people through taxation or borrowing? Is it going to do that in spite of the record of Sir Thomas White, the great Conservative finance minister back in history, available for them to read of, and study? If so, then Canadians are doomed to disappointment and further frustration and suffering.

Any central government should possess, and scientifically exercise, the power to create money. Our fathers of confederation in 1867 provided that the federal government of Canada should possess that power. May I quote from the British North America Act section 91, clauses 14, 15 and 20:

. . . it is hereby declared that (notwithstanding anything in this act) the exclusive legislative authority of the parliament of Canada extends to all matters coming within the classes of subjects next hereinafter enumerated; that is to say—

- 14, currency and coinage,
- 15, banking, incorporation of banks and the issue of paper money,
- 20, legal tender.

Our fathers as early as 1868 legislated for the exercise of that power by enacting the Dominion Notes Act. The Dominion Notes Act of 1868 empowered Canada's minister of finance to create and issue up to \$8 million worth of Dominion of Canada notes, the first \$5 million with 20 per cent backing in specie, that is 20 cents worth of specie behind each one dollar bill, and the next \$3 million with 25 cents worth of specie behind each one dollar bill. I would refer you to the report of the royal commission on banking and currency for Canada, 1933, at page 21.

By 1913 the Dominion Notes Act had been so modified during the years, that the minister of finance was empowered to issue \$30 million of notes with a backing of 25 cents worth of either gold or guaranteed debentures behind each dollar. Notice the remarkable change there—it is very significant—guaranteed debentures instead of gold! Still more dollar bills could be issued backed by 100 per cent of gold. You notice they were not worrying very much about inflation so long as they had the gold.

Subsequently in August 1914 the parliament of Canada empowered the minister of finance to create and issue \$50 million worth of notes with 25 cents of gold behind each

one dollar bill. Later \$16 million were issued backed by a deposit of railway securities guaranteed by the dominion government; also \$10 million were issued without any particular backing and spent "for governmental purposes".

There is a case where they did not take the money they got from the taxpayer—There you are Conservatives!—do not allow yourselves to be fooled by writers in the *Financial Post*. (See the report at page 22.) In 1917 \$50 million were issued, secured by imperial treasury bills—see the report, page 22—and spent for horses, grain, and other needs for world war I. So there was a time when Conservative governments had wisdom in this country, and we hope that time has come again.

The Finance Act of 1914 made provision for the Canadian government to issue dominion notes backed by approved securities, including dominion bonds, certain railway, provincial and municipal bonds and certain other securities subject to appraisal by the dominion treasury board. See report to which I have referred, page 22. That report is in the House of Commons library and I suggest it be read with care by everyone who bears the heavy responsibility which lies on the shoulders of all members of this house. Paragraph 49 of that report reads thus:

A proclamation in pursuance of the act was issued on September 3, 1914, and thenceforth throughout the war and the early postwar period extensive use was made of the act.

Notice that word "extensive". Paragraph 50 reads:

An act passed in 1919 provided for the continuance in force of the proclamation made on September 3, 1914 until two years after the conclusion of peace on termination of the war.

This explains the continued operation of the act until 1923.

From paragraph 51 I quote:

But extensive use continued to be made of the power to issue dominion notes to the banks against approved securities . . .

So well did the act function that the hon. W. S. Fielding, a Liberal finance minister, in 1923 re-introduced the Finance Act of 1914 as the Finance Act of 1923, using the following words, and I read from the report:

The act was adopted as a war measure, and no doubt it was exceedingly useful in the financial operations during the war. It may be said that the war being over we no longer have any need for the act, but experience has shown that the act is still required; indeed, I am inclined to think that something of the kind will have to become almost a permanent part of our financial system.

Mr. Speaker, so do I think that; I agree with hon. W. S. Fielding. The potentialities of the Finance Act of 1914 and of 1923 are