

been exceedingly creditable to the people themselves.

But I wonder if the hon. member for Shelburne-Yarmouth has forgotten that a conversion loan was made by the previous administration, I think in 1922, when \$114,000,000 was converted into \$29,000,000 maturing in 1927 and \$85,000,000 maturing in 1932, a part of which we converted and have taken care of. The government of that day gave 5½ per cent bonds in exchange, and a month's interest as well. I wonder if the hon. member had overlooked that fact. Having converted the 5½ bonds into 4½ bonds, we believed we had done good business for this country—and more, that we had established a market for long term securities that would be profitable to the investor. Due to the world conditions to which I have referred, our securities have depreciated in value like those of all other countries, but the rise in our securities will, I believe, if I am any judge from what is taking place at the present moment, be equal to that of any other country in the world.

When the hon. gentleman referred to the fact that our revenues have fallen far short of our expectations, he was good enough to note that I prefaced what I said on that occasion with the words "if the present rate of business was maintained." I have pointed out clearly that there has been a shrinkage in business with the result that the revenues anticipated have not been received, and I gave one instance not very long ago in which \$6,000,000 less has been received from duties on intoxicating liquors alone, without any change in the tariff at all. That seems to be about the only matter to which I desire to refer in the hon. gentleman's lengthy speech. The Minister of National Revenue dealt yesterday with the hon. gentleman's observations with respect to the increase in duties by order in council through the fixing of values, and I have already indicated clearly to the house the reason why that action was taken.

The amendment that was moved by my hon. friends opposite and to my right involves the consideration of another matter as well. I have very little to add to what was said in that respect this afternoon by the right hon. leader of the opposition. But I would like to read these words from the Macmillan report, because when it is suggested that we should cut our bonds in two, that is that the man who had \$200 should have only \$100, I feel quite certain that no such radical thought as that implies could have been in the mind of the

[Mr. Bennett.]

hon. gentleman. About \$150,000,000 of these securities change hands annually through the Department of Finance. They are the recognized and standard security of this country, and to say that this country is to repudiate one-half of its obligations, part of which are payable in New York, in gold, part in Canada, in gold, and the balance in our currency, would be to create a condition which is almost unthinkable. I quote these words from Lord Macmillan's report, and if ever words were applicable to the subamendment they are to be found in the language here employed:

It is no doubt true that an essential attribute of a sovereign state is a power at any time to alter the value of its currency for any reasons deemed to be in the national interest, and that legally, therefore, there is nothing to prevent the British government and parliament from taking such a step. The same may be said of a measure writing down all debts, including those owing by the state itself, by a prescribed percentage—an expedient which would in fact over a considerable field have precisely the same effect. But, while all things may be lawful, all things are not expedient, and in our opinion the devaluation by any government of a currency standing at its par value suddenly and without notice (as must be the case to prevent foreign creditors removing their property) is emphatically one of those things which are not expedient. International trade, commerce and finance are based on confidence. One of the foundation stones on which that confidence reposes is the general belief that all countries will seek to maintain so far as lies in their power the value of their national currency as it has been fixed by law, and will only give legal recognition to its depreciation when that depreciation has already come about de facto. It has frequently been the case—we have numerous examples of recent years—that either through the misfortunes of war or mistakes of policy or the collapse of prices, currencies have fallen so far below par that their restoration would involve either great social injustices or national efforts and sacrifices for which no adequate compensation can be expected. The view may be held that our own case in 1925 was of this character. The British currency has been depreciated for some years. It was obvious to the whole world that it was an open question whether its restoration to par was in the national interest, and there is no doubt in our minds as to our absolute freedom at that time to fix it, if it suited us, at a lower par value corresponding to the then existing exchange. But it would be to adopt an entirely new principle, and one which would undoubtedly be an immense shock to the international financial world, if the government of the greatest creditor nation were deliberately and by an act of positive policy to announce one morning that it had reduced by law the value of its currency from the par at which it was standing to some lower value.

I commend that to my hon. friend (Mr. Gardiner), and I am sure that he will realize that what would be true of a country such as