

*Dominion Notes Act—Gold Standard*

apprehension under which my hon. friend is labouring. If I understood him correctly I understood him to say that in England they had eliminated from their law the provision for the redemption of notes in gold. But if my hon. friend will refer to the Gold Standard (Amendment) Act, 1931, chapter 46 of the statutes of Great Britain for 1930-31, he will find that section 1 provides as follows:

Unless and until His Majesty by proclamation otherwise directs, subsection (2) of section one of the Gold Standard Act, 1925, shall cease to have effect, notwithstanding that subsection (1) of the said section remains in force.

Put in layman's language that simply means that the governor in council may by proclamation restore the provision for the redemption of notes in gold. The provision that we are seeking by an amendment to our act is that if the occasion should arise when we wish to revert to the previous position, it will be competent for us to do so by order in council.

Just one more word which I might have said in answer to my right hon. friend the leader of the opposition (Mr. Mackenzie King) with respect to the governor in council taking authority by statute for such a course. I might point out that it is the logical step to take in view of the fact that the act respecting the export of gold which we passed at the last session contains this paragraph:

The governor in council may prohibit, from time to time and for any period or periods, the export of gold, whether in the form of coin or bullion,—

And so on. Parliament in its wisdom granted that authority to the governor in council. It follows, I think, as a logical consequence that in respect of the redemption of notes in gold the same course should be pursued; otherwise we should find ourselves in an impasse.

I have nothing more to say, Mr. Speaker, because as I intimated when I first rose, my sole object in speaking was to reply to the one phase of the matter, namely the point raised by the hon. member for Macleod.

Motion agreed to, bill read the second time and the house went into committee thereon. Mr. Cowan (Port Arthur) in the chair.

On section 1—Redemption in gold.

Mr. RHODES: Would the hon. member for Bonaventure be good enough to repeat his question; I did not hear it.

Mr. MARCIL: What rule applies to the banks, as to whether they are required to redeem their bills in gold or by legal tender?

Mr. RHODES: By legal tender.

[Mr. Rhodes.]

Mr. COOTE: Since September, 1931, I take it for granted that the department has been refusing, on most occasions at any rate, to pay out gold for dominion notes. I should like to ask the minister to tell us, if he will, what steps have been taken at different times since September, 1931—using the language of the department—to preserve our gold supply. What orders have been issued to the Receiver General?

Mr. RHODES: The licences for export, in the great majority of cases and involving the preponderant amount of gold, have been issued only in those cases where gold has been exported for the purpose of meeting our payments abroad. Individual instances have been few in number, and the amount of gold involved has been comparatively trifling. In the main those individual licences have been granted in the case of certain types of jewellers' and dentists' sweepings which were of such a complex character and mixed with other valuable metals to such an extent that there was not any provision in Canada for their being properly refined. Consequently, in the main, they have been exported to the United States where there are refining facilities.

Mr. COOTE: My question is this: How many applications for gold have been received by the department? At least, have not applications been received by the department which were refused?

Mr. RHODES: Mr. Chairman, I should not like to answer that question either by direct negative or affirmative. But I shall answer it by giving a concrete illustration. A request, which came before me for review, was made to the department by a corporation which wanted to present legal tender and receive a substantial amount of gold. The intimation which came in the letter was to the effect that they wanted to export it to pay their bondholders in foreign countries. It was pointed out by the department that if the redemption had taken place it would be of no value to the recipient for the reason that they could not export their gold, except under licence, and that under those conditions a licence would not be granted. The effect of the answer was that while the application was not withdrawn, no action was taken. I hope the illustration I have given will serve as an index. I do not believe we could go so far as to say that the department has refused to redeem notes in gold. It always has been at pains to point out the circumstance that the redemption would be of no value inasmuch as the gold would not be exported.