Hon. Mr. DANDURAND: But this Bill will have been passed.

Right Hon. Mr. MEIGHEN: No harm will have been done.

The motion was agreed to, and the Bill was read the third time, and passed.

## DOMINION NOTES REPEAL BILL

### THIRD READING

Bill 112, an Act to repeal Chapter Four of the Statutes of 1915.—Right Hon. Mr. Meighen.

## FARMERS' CREDITORS ARRANGEMENT BILL

### THIRD READING

Bill 92, an Act to facilitate compromises and arrangements between farmers and their creditors.—Right Hon. Mr. Meighen.

## INCOME WAR TAX BILL

### SECOND READING

Right Hon. Mr. MEIGHEN moved the second reading of Bill 99, an Act to amend the Income War Tax Act.

He said: Honourable members, this measure is designed—I hope I may say without offence—to restore the fortifications which were let down by the Income War Tax Act amendment of 1930. The purpose of the various clauses is the strengthening of the provisions of the Act against evasion. I intend to move for a reference to the Standing Committee on Banking and Commerce, where a thorough review may be made.

The motion was agreed to, and the Bill was read the second time.

### REFERRED TO COMMITTEE

On motion of Right Hon. Mr. Meighen, the Bill was referred to the Standing Committee on Banking and Commerce.

## DOMINION NOTES BILL

### FIRST READING

A message was received from the House of Commons with Bill 110, an Act to amend the Dominion Notes Act.

The Bill was read the first time.

### SECOND READING

Right Hon. Mr. MEIGHEN, with the leave of the Senate, moved the second reading of the Bill.

He said: This is another interim measure as regards note issue, and is repealable on proclamation when the Central Bank Bill takes effect.

Honourable members no doubt are aware that under the present law Dominion notes may be issued to an aggregate of $50,000,000, provided they are safeguarded by a gold ratio of 25 per cent. Any issue in excess of the $50,000,000 must be protected 100 per cent.

At the last meeting of the World Monetary and Economic Conference the following resolution was passed:

> That in order to improve the working of a future gold standard greater elasticity should be given to central bank legal cover provisions; for instance, in so far as the system of percentage gold cover is applied a minimum ratio of not more than 25 per cent should be considered as sufficient; similar elasticity should be achieved by appropriate measures where other systems are applied. However, such changes must not be taken as an excuse for unduly building up a larger superstructure of notes and credits; in other words, the effect of this resolution should be to increase the free reserve of central banks and thereby to strengthen their position.

This Bill is in accordance with the principle of the resolution, and can therefore be said to have the endorsation of the highest banking authorities of the world. It increases the amount of currency which can be issued against the 25 per cent gold reserve from $50,000,000 to $120,000,000.

It also provides that silver may be added to the gold base, against the issue of currency, within the statutory limits. This is set out in the third paragraph of section 1 of the Bill:

> As additional security the Minister may hold silver to an amount to be purchased from time to time under the provisions of the international agreement dated at London the twenty-second day of July, 1933, respecting the sale and purchase of silver, and of the supplementary agreement dated at London the twenty-second day of July, 1933, signed by the delegate to Canada relating to the amount of silver which Canada is to purchase or otherwise arrange for withdrawing from the market pursuant to the agreement above mentioned, namely, 1,671,802 fine ounces of newly-mined Canadian silver in each of the calendar years, 1934, 1935, 1936 and 1937, which silver shall be purchased and held by the Minister pursuant to this section.

No doubt honourable members thoroughly understand that the object of the World Monetary and Economic Conference in having these agreements entered into was to raise the ratio of silver to gold in order to restore the balance between silver-using and gold-using countries. We cannot regard silver and gold as we do other commodities. They are the only two metals used throughout the world as standards of value and as currency. Therefore it is important to prevent fluctuations between silver and gold values from becoming too wide and thus disturbing the