

not like to see changed, is the proposal of the government to appoint a royal commission—

To study the organization and working of our entire banking and monetary system, to consider the arguments for and against a central banking institution and to make recommendations for reviving or supplementing our existing banking and monetary legislation.

My only comment is that that intention has been announced very late in the day. Had the government appointed a royal commission eighteen or even twelve months ago, I feel sure this country would be better off than it is to-day. In September, 1931, Great Britain went off the gold standard. At that time our currency went down in terms of United States funds. The British pound went down to a very marked degree and immediately currency became, if it was not at that time—and I think it was then—one of the burning questions before the people of the Dominion of Canada. Great Britain, realizing the importance of the question, had, before that, appointed the Macmillan commission, which had made its report on currency and monetary matters in the old country. Canada should have taken a similar course, or at least she should not have pursued the policy of *laissez-faire*.

I want to bring to the attention of the Minister of Finance the importance of the question from a practical standpoint. In the constituency that I have the honour to represent in this house, currency, the value of the pound sterling, is a matter of everyday conversation. As hon. members know, the largest single industry in my riding is apple growing and exporting, and when the pound sterling went down, as it did within the last shipping season, to between \$3.55 and \$3.60 in terms of Canadian money, our apple exporters suffered a terrible blow so far as their purchasing power was concerned. Consequently they have begun to ask and have been asking questions, and they have been taking a tremendously deep, not academic, but practical interest in this subject of currency. They had been brought up on the idea, I think, that gold should be the standard and that we should remain on the gold standard in this country. But when they saw that Great Britain went off the gold standard with results which apparently were not unfavourable; when they saw that the Scandinavian countries, Denmark, Sweden and Norway followed Great Britain off the gold standard; when they saw the Dominion of New Zealand and the Commonwealth of Australia taking steps to lower the value of their currency, and, finally, when they saw South Africa, the greatest gold producing country in the world, deliberately link its pound with the pound sterling, they began

[Mr. Ilsley.]

to wonder whether a policy of *laissez-faire* in currency matters was the proper one for this dominion. They saw that when our dollar went down in the United States, instead of this hurting them, it helped them, because the pound sterling went up in the Annapolis valley; they got greater returns for their apples. They wanted authentic information as to what this country should do; they desired to know whether it was just that debts—and the majority of them are loaded down with indebtedness to banks, mortgage companies and private lenders on mortgages—which were contracted when money was not worth very much, should be paid off in full in money which is worth a great deal more than when the debts were contracted. They realized that if our dollar became depreciated it would mean that municipalities and provinces, the dominion itself, and certain corporations in this country would have a greater burden of debt if they had to meet their debts in American funds, but they wondered whether that disadvantage would not be overcome by the corresponding advantage of an awakened business activity through inflation. It will be recalled that in 1925 in Great Britain the bankers, almost unanimously I think, were of the opinion that Great Britain, for the same reasons that the Prime Minister and the bankers of this dominion advocate what is called sound money to-day, should be brought back to the gold standard on a parity with the United States dollar. They did that against the advice of some economists who were regarded as radical and unsound at the time, but who since have been proved by universal consent to have been right. No one to-day contends that Great Britain was wise in going back in 1925 to the gold standard on a parity with the American dollar. It is a question in the minds of economists whether the policy outlined by the Prime Minister yesterday, and stated by him and the Minister of Finance in public addresses throughout this country and in this house, of what has come to be known as "sound money", is really a sound policy. But to these questions there has been no authentic answer, and I say that this government has pursued a wrong policy in keeping the question shelved. At the beginning of this session the Bank Act should have gone before the banking and commerce committee for revision in the usual way. The appointment of a royal commission at this late date will mean delay in the solution of this problem, and the postponement of any action whatever on this important question for another year at least. The commission should