

They require bar gold of a certain fineness. They may have to refine it a little more after they get it, but the gold purchased is converted into coin here. I have taken the matter one step farther by this amendment to the Dominion Notes Act. If bar gold is available, whether bearing the stamp of the United States Government assay office or of the Royal Mint, or any branch thereof in Canada or Australia, we may pay for it by the issue of Dominion notes against it. That would not deplete our financial reserves. If I attempted to buy gold now that was not of the degree of fineness which would enable the Mint to coin it into specie, or gold currency, I would have to pay out gold to get that, and thus impose quite a strain upon our reserves at the present time, confronted as we are with the programme I indicated to the House yesterday.

In answer more especially to my hon. friend, it is not an object of the Government just now to buy gold, but it is an object of the Government at the present time to conserve its gold; and therefore we have, as a corollary of the action that we took in making bank notes legal tender so far as the obligation of the banks to the public is concerned, discontinued the redemption of Dominion notes in gold. That was found necessary in order to conserve the gold resources of the country. My hon. friend has had in mind, what of course any financial man would have in mind, namely, the supreme importance of not inflating the currency beyond the point upon which we can readily get back upon a gold basis. We have been upon a gold basis. At the present time, like other countries, we are not upon a gold basis. The United States to-day is upon the basis on which it was in 1907. Payments are being made by clearing-house certificates; but nothing that we are doing at the present time in connection with the Dominion Notes Act, and nothing I hope that we shall be obliged to do in the future to meet the situation by issuing Dominion notes, will put the Dominion in a position in which its note currency will be so inflated that we shall not within a reasonable time be able to get back upon a gold basis. If we should have to take action in the future that would make it difficult for us for a long time to get back upon a gold basis, certain evils would follow that it is not necessary to advert to here. We hope to be ready, as soon as the necessity no longer exists, of conserving our gold supply, to return to a gold basis. This extension from thirty

[Mr. W. T. White.]

million dollars to fifty million dollars does not in any way affect the circulation on account of the notes in the hands of the public and the amounts the banks are required to hold under the provisions of the Bank Act.

Section agreed to.

Bill reported, read the third time, and passed.

#### COMMERCIAL AND FINANCIAL INTERESTS BILL.

The House again in Committee on Bill No. 4, to conserve the commercial and financial interests of Canada.—Hon. W. T. White; Mr. Blondin in the Chair.

Mr. A. K. MACLEAN: When section 4 of the Bill was under consideration, the minister was not in the House. Under subsection 'A,' which enables the Government to make advances by the issue of Dominion notes upon approved security, has any policy or principle been adopted by the Finance Department as to the class of securities upon which they will make advances, and have any advances yet been made in that manner?

Mr. WHITE: When war broke out between Germany and Russia, and after the stock exchanges and bourses of the world had closed, and on the eve of a declaration of war by Great Britain against Germany, in order that I might be in touch with events in the financial and commercial world, I caused to be convened a meeting of representative bankers to keep me in touch with the situation. After we passed the Order in Council under which the banks were authorized to make use of their excess circulation privilege during the month of August, and to make payments in bank notes, and after we had passed a further Order in Council authorizing advances to be made to the chartered banks upon securities to be approved by the minister, I continued this committee as an advisory committee upon securities. The committee consisted of the president of the Canadian Bankers Association, as chairman, and the general managers of the three largest banks in Canada. I convened the committee at Montreal because it was very convenient to Ottawa, and I could be in touch with the situation by telephone from day to day. Since the announcement was made that banks were authorized to issue their own notes instead of Dominion notes and gold, and to make use of their excess circulation,