and it was about eighty-five per cent of the whole.

Between June 30, 1914, and February 28, 1919, the Government increased the amount of its Dominion notes outstanding from $114,000,000 to—what do you think, Mr. Speaker?—$306,000,000. On March 31, 1919, it stood just under $300,000,000—to be exact. $298,058,697.67.

Let us examine the way in which this increase has been made. Starting from June 30, 1914, when the Dominion notes outstanding amounted to $114,000,000, we find that the Dominion Government issued, up to February 28, 1919, against gold, $23,244,000—of course there is no objection to that, the amount being issued against gold—and it issued to the banks upon deposits of approved securities under the Finance Act of 1914, an additional sum of $70,528,000. Now, that was issued not against gold, but against securities which the banks deposited with the Government. The Finance Act of 1914 increased the limit of Dominion note issue upon which only twenty-five per cent gold backing is required from $30,000,000 to $50,000,000, and thus the Government was enabled to issue an additional $20,000,000 with a backing of only twenty-five per cent of gold. In that way $15,000,000 of what was practically fiat money was issued. In other words, if, before the Act was passed, the Government of the day wished to issue Dominion notes from $30,000,000 up to $50,000,000, every dollar bill had to be backed by an equal amount of gold; but by raising the limit within which they could issue Dominion notes with a backing of only twenty-five per cent of gold, they were able to issue an additional $20,000,000 and put only $5,000,000 of extra gold into the Treasury.

As regards the $70,528,000, no matter how sound the securities were, the issue constituted a very serious departure from our gold standard. These issues, added to the amount of notes outstanding on June 30, 1914, brought the total Dominion note issue up to $207,954,100. But in addition to these the Government has made further issues of Dominion notes which are now outstanding and against which no accretions in gold have been made to the note redemption fund. These were made up as follows. The Grand Trunk Pacific Railway Company needed $6,000,000 and it came to the Minister of Finance for the money. The Minister of Finance, having at one time in his career been engaged in the newspaper business, had a fondness for printing, so he set the printing presses to work and printed $6,000,000 of Dominion notes and issued them. What were they backed by? They were backed by securities of the Grand Trunk Pacific Railway Company, the value of which was the Government's own endorsation. So the Government took bonds whose only intrinsic value was the Government's endorsement; they put these into the treasury, and they issued $6,000,000 against them.

Then another—I was going to say another deserving suppliant but I will not give the name of "deserving" to the next suppliant for aid—came forward in the person of the Canadian Northern Railway Company. They were less modest than the Grand Trunk; they wanted advances of $10,000,000. These advances were also made on the pledge of certain securities of the Canadian Northern Railway Company. Any value attaching to these securities was due to the endorsation of the Government; so that we may without unkindness denominate this issue also as an issue of fiat money.

Then, again, advances were made to the Imperial Government amounting to $50,000,000. These also were issued in Dominion notes backed by securities of the Imperial Government which were put in the strong-box of the Dominion. Our Bank Act provides for the issue of Dominion notes against Canadian securities endorsed by the Government of Great Britain and Ireland. But the securities against which this issue was made were not securities of Canada endorsed by the Imperial Government; they were direct obligations of the Imperial Government. Securities of the Canadian Government endorsed by the Imperial Government have, in times past, represented loans the proceeds of which have been spent in useful work in the development of this country, but these securities doubtless represented loans by the British Government for war purposes.

Further, we have had an excess issue of Dominion notes, made without additional security, amounting to $32,451,299. If a sound financial policy had been followed, these two sums, amounting to almost $100,000,000, would have been raised by taxation from the Canadian people, or, if that was found impracticable, raised partly by taxation and partly by borrowing from Canadian people.

But as matters now stand, the basic circulating medium of the Government, which on the 30th of June, 1914, stood at $114,182,100, backed almost dollar for dollar, that is to say, backed to the extent of