

with others, not in this country but in other countries, and they informed me that in their opinion—it is an opinion of course—a small sum of money would not perceptibly affect the credit of this country; but, to use the words of the right hon. gentleman opposite a moment ago, reflecting the same thing Sir Josiah Stamp had said upstairs, the minute you do that you have lessened the degree of confidence which people have in this piece of paper.

Mr. MALCOLM: You have improved the farm on which they have a mortgage.

Mr. BENNETT: But that is not so. All these cases consist of adjustments between advantages and disadvantages. In the ultimate analysis, whoever is responsible for the government of this country has to weigh every advantage that would come from carrying out the course suggested. There are these disadvantages: the effect in lack of confidence; the effect in depreciation; the effect in deteriorating the values of the things with which we have to pay in terms of creditors' demands upon us. On the other hand, you have the accumulation of the advantages that accrue to the nation: non-payment of interest; the effect of the retirement of securities over a given period of time, resulting in the asset created by money being free from encumbrances after the expiration of a certain number of years. And after you have weighed all the advantages and the disadvantages you must come to a conclusion, which in my judgment must be a conclusion that is consonant with general world currents of thought.

I do not believe that the ten and a quarter or ten and a half millions of people on the northern half of this continent, living side by side with the richest nation in the world, carrying on business in a given way, can afford to depart from generally orthodox views with respect to financial matters, when we have obligations aggregating so large an amount payable abroad. One of our insurance companies has a billion dollars at risk in the United States. We have, in the Canadian National, guaranteed securities amounting, not to millions but hundreds of millions, all held by people on this continent in the United States. Our own national debt to the extent of hundreds of millions is thus held.

The problem is one that is simple yet complex; simple because the factors are known, complex because you cannot value those factors. I cannot place a value in terms upon the injurious effect which there would be upon the issue of new dollars by this coun-

[Mr. Bennett.]

try, upon all the hundreds of millions of bonds outstanding. I cannot say with absolute certainty, nor with anything approximating such certainty, just what destruction of confidence would come about through emitting bills of that character in Canada. Can anyone? Has anyone the vision to make such a prediction?

I have been fair enough to say that I am not one of those who believe that there are not honest doubts in the minds of some people. There are doubts in the minds of hon. gentlemen opposite, who entertain an entirely different opinion from mine. But weighing the advantages against the disadvantages, the benefits against the injuries, it is my conviction, and my profound conviction, that if we are to maintain our structure intact against any attacks that may be made upon it from all sides, not purposely, but attacks in effect, we cannot do so unless we maintain to the uttermost that confidence in our promise to pay which is involved in our attorning to the general principles that have governed man in seeking security when he asks for payment, whether it be in his own money or in the money of another country, and insists that there shall be something more than the good faith of individuals to support his confidence, and that his confidence is placed in something tangible rather than in mere faith in mankind itself.

Mr. POULIOT: I have listened attentively to the Prime Minister and I understand that, according to the figure he has given the house, the promises of the Dominion government to pay in currency amount to \$175,000,000, and that in rough figures \$70,000,000 of these promises are covered by gold. The Prime Minister said also that \$68,000,000 had no coverage in gold. Therefore we have legalized our statutory inflation, because if, according to the law now in force, dominion notes shall be redeemable in gold, there must be a sufficient amount of gold in the treasury to redeem every one of them; and if it has been accepted by the law that redemption should be made only on the basis of forty per cent, then we have inflation to the extent of sixty per cent. I will ask the Minister of Finance to correct me if I am wrong, but I understand that theoretically and practically we are now on the gold basis, whereas if this bill passes I am under the impression that while theoretically we may remain on the gold basis, that will not be so practically. As soon as the governor in council suspends the operation of the existing subsection for any such period or periods as he may deem desirable, dominion