

circulation was 22; in 1880, 41; in 1890, 34; in 1900, 55; in 1908, 65; at the present time 81 per cent, and when this extension that we propose is made it will fall to 71.7 per cent.

Mr. A. K. MACLEAN: The minister, I understand, will be introducing a borrowing Bill in connection with the credit of \$50,000,000 this session?

Mr. WHITE: It is provided in the war appropriation Bill that the Government may borrow in order to raise the funds in whole or in part. I thought it advisable that in addition to all the borrowing powers which the Dominion at present possesses we should insert in the Bill the power to borrow. It would appear to me that it would not be just that the whole burden of this war in its entirety should fall upon the people of Canada during each year of the continuance of hostilities, and that it would be proper that borrowing powers should be taken in connection with the appropriation Bill. That is the course adopted by other countries. Great Britain has, according to the despatches this morning, issued treasury bills which have been at once subscribed for the purpose of carrying on the war. Her first step was to borrow a large sum of money, reported to be something like \$45,000,000 or \$50,000,000, from the Bank of England. The recent transaction under which treasury bills are sold will repay that advance from the Bank of England and put her in funds to the extent of the further amount realized by the sale of the treasury bills.

Mr. A. K. MACLEAN: I suppose the Government are unable to say where they will endeavour to make a loan or the nature or manner of it?

Mr. WHITE: I gave this matter consideration in connection with the Budget yesterday. I indicated that we would attempt to meet the situation in three ways: first, we would raise an additional amount by the taxation from customs and excise, which I brought to the attention of the House; and, secondly, we would, from time to time, endeavour to make loans to meet the deficit between our revenue and the expenditure upon capital account, plus the special expenditure required in connection with our military and naval operations. We shall pursue that policy and avail ourselves at the same time of this expedient of issuing Dominion notes, which is, after all, a method of borrowing from

the public of Canada upon our own securities.

Mr. A. K. MACLEAN: Except that you propose applying that to consolidated fund.

Mr. WHITE: It will all go into consolidated fund. The consolidated fund, as my hon. friend knows, is available not only for paying current expenditure, but, to the extent that is possible, capital and special expenditure also.

Sir WILFRID LAURIER: This is not a temporary measure; it is a permanent measure, and I do not know that I have any great criticism to offer. I think, on the contrary, that I approve of it altogether. The only point which might occasion some—not criticism—but desire to have further information is in regard to increasing the proportion of Dominion notes not covered dollar for dollar by gold from \$30,000,000 to \$50,000,000. The proportion hitherto existing—25 per cent—remains the same, but the amount is increased from \$30,000,000 to \$50,000,000. My hon. friend, I know, is a believer in the credit of Canada being maintained upon a gold basis and nothing else. I was relieved when I heard him say that at the present time our gold holdings amount to 81 per cent of the Dominion note issue and that therefore the alteration would be only three or four per cent, which I think, is not material. I have no doubt that those who follow these matters will be relieved to know that our Dominion note issue remains upon an absolutely secure gold basis. I rose for the purpose of asking one question of my hon. friend. I would like to know if he is able at this moment to get all the gold he needs from the production of the country or whether he has to import any?

Mr. WHITE: My right hon. friend knows that when the Dominion buys gold it must pay for it in gold. Therefore, at the present time it is no object to the Dominion to buy gold and pay out gold if that gold leaves the country. In the provision which I have inserted in this Dominion Notes Act whereby Dominion notes may be issued against bar gold as well as against gold coin, it is in my mind that we shall be able without depleting our balances with the bank to purchase bar gold the product of Canada of the requisite degree of fineness. The present method of purchasing gold through the mint is that they tender for gold no matter where it can be bought, whether in Canada or the United States.