

I have given, two issues are payable in London, in sterling. One, of \$137,058,841, at 3½ per cent, due July 1, 1950, is callable on six months' notice; the other, for \$93,926,666.66, at 4 per cent, due October 1, 1960, is callable on October 1, 1940. It will be for the Department of Finance to decide when it is to the advantage of Canada to call in these issues.

Right Hon. Mr. MEIGHEN: I would not be so presumptuous as to offer any advice to the Government about borrowing money. They have had a long and very intensified experience, and ought to be experts, or pretty nearly so, by this time. The merry dance goes on—

Hon. Mr. DANDURAND: Of course, that experience has been accumulated from year to year over a considerable period.

Right Hon. Mr. MEIGHEN: Yes. I feel like repeating the poet's prayer: "Let joy be unconfined."

The motion was agreed to, and the Bill was read the second time.

THIRD READING

Hon. Mr. DANDURAND moved the third reading of the Bill.

The motion was agreed to, and the Bill was read the third time, and passed.

GOLD CLAUSES BILL

FIRST READING

Bill 87, an Act respecting Gold Clause Obligations.—Hon. Mr. Dandurand.

SECOND READING

The Hon. the SPEAKER: When shall this Bill be read a second time?

Hon. RAOUL DANDURAND: If my right honourable friend (Right Hon. Mr. Meighen) has examined the Bill, I would ask leave to move second reading now.

Right Hon. Mr. MEIGHEN: All right.

Hon. Mr. DANDURAND moved the second reading of the Bill.

He said: Honourable senators, this measure is highly technical. Its purpose is to amend the Gold Clauses Act of 1937 so as to bring it into line with a judgment handed down by the Privy Council last year. When Canada and other countries went off the gold standard it was thought that Canadian debtors were protected against the resultant increase in the burden of their debts, by the provisions which prohibited the export of gold and the melting down of gold coin, and that a failure

Hon. Mr. DANDURAND.

to pay in gold coin would be only a technical breach of contract. However, the House of Lords held that all gold clauses must be construed as gold value clauses. That is, they were to be construed as imposing on the debtor the obligation to return in paper currency a sum equivalent to the value of the fixed quantity of gold in the open market. That is the doctrine which the House of Lords promulgated in certain cases, instances being *Feist v. Société Intercommunale Belge d'Electricité*; the *King v. International Trustee for the protection of Bondholders Aktiengesellschaft*, and *New Brunswick Railway Company v. British and French Trust Corporation, Limited*. This last-mentioned case is the one that specially interests us.

The Gold Clauses Act of 1937 was enacted to eliminate the extra burden imposed on Canadian debtors, and its constitutional basis was the jurisdiction of Parliament in relation to the monetary system and, in particular, to head 20 of section 91 of the *British North America Act*, that is, legal tender. The Act attacked the problem in two ways: first, by provisions concerning tender, and second, by a public policy provision. In the *New Brunswick case* which I have mentioned the validity of our Gold Clauses Act was recognized, but certain statements were made by the judges which justify the amendment we now seek. They held, inter alia, first, that the question of tender was one for the *lex fori*, so that the tender provisions in the Act apply only to actions in Canadian courts; and, second, that the provisions were not so worded that a tender could be made under them after an obligation had been repudiated, as the creditor's right was then, not an action to enforce a contract, but one for damages for breach of contract.

The purpose of this Bill is to remedy the objections which the House of Lords found in the Act of 1937. This Bill does not change the principle of the Act, nor does it change the Act itself, except to facilitate resistance to a lawsuit in which the validity of the Act may be attacked.

With this explanation I rest the case for the Government, and I suggest that my right honourable friend (Right Hon. Mr. Meighen) express his views.

Right Hon. ARTHUR MEIGHEN: I have studied the Bill as well as I can. It is one of the most technical with which we have had to deal. Certainly, under the financial economy of the day, measures of this type are essential. It is very unfortunate that the Act of 1937 was not in the form used here. If it had been, we should not have