

value is below the current market price. I am sure you would agree that this could give rise to some very creative—to use a word which is frequently used by members of the accounting profession—approaches to the presentation of the books of account for the Exchange Fund. If they see themselves in pretty bad shape and do not want to give that impression to the general public, they can always value the gold contained in that account at a much higher figure than the year preceding. Therefore, they can give the misleading impression that they are conducting the affairs of the Exchange Fund Account in a proper and business-like manner when in fact they are not. The fund may be sinking in value and because they put another value on the gold contained therein they give a false impression. There are certain things to be concerned with in this Bill. It is largely a housekeeping matter, but there are elements of concern contained therein.

I would also like to state that I am not fully satisfied with the way the Government of Canada has been disposing of some of the gold contained in the account for some time. Although they have not gone above board yet, I am always scared that they might adopt the same approach that President Nixon had to the GSA stockpiles in the United States. He used those stockpiles, which are supposed to be for a strategic purpose, for the objective of obtaining ready cash. He was running out of money and did not want to increase taxes. He sold off the stockpiles to get ready cash. I would not like to see the Government of Canada use our gold reserves in that manner.

When all is said and done, gold is the real money. When paper currencies and paper securities of one kind or another are no longer of value, gold will always have an inherent value. If at all possible, a nation should keep to itself a certain adequate reserve of gold. In my opinion, it is not out of line to suggest that one ounce per citizen might be a reasonable amount of gold for the nation to hold. I would hope that Canadian gold reserves would not go much below the 20 million ounce level.

In concluding my presentation on the Bill to amend the Currency and Exchange Act, I would like to make two further points, Mr. Speaker. Although this does not strictly relate to the Bill we are discussing today, I would like to give my opinion on the issue of a \$1 coin. In order to buy a package of cigarettes from a vending machine, one must have about 10 quarters, maybe more in Newfoundland. It would be a lot easier if a \$1 coin could be issued. I am sure the people who operate vending machines would find that attractive after a while, although it would entail some expense to change the machines. It would certainly be to the advantage of heavy smokers like myself.

● (1530)

The last point is that on one or two occasions in the House I have raised the issue of plastic bank notes. I understand that at the present time linen bank notes are to be discontinued and be replaced with cotton bank notes. I do not know what the

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advantage of one of those over the other is. I know that we grow flax, but we do not grow cotton in Canada.

It is now possible to make plastic bank notes. I have before me a bank note issued by the Government of the Isle of Man. I know I am not allowed to bring exhibits into the House but you can consider this as being a speech note, although it is a bank note. These plastic notes are much more durable than paper bank notes. They can get wet without being ruined. Their life expectancy is said to be about five years rather than a few months. They are virtually indestructible. Even at a temperature of 40 degrees below zero they do not become brittle. Apparently they would be good for Canadian climatic conditions.

**An Hon. Member:** Can you light a cigar with it?

**Mr. Nickerson:** The one thing that you cannot do with it is light a cigar.

At some point I would like a response from the Government of Canada indicating it will at least look into the possibility of issuing plastic bank notes and whether, in its opinion, it may or may not be a good idea.

**Mr. Nelson A. Riis (Kamloops-Shuswap):** Mr. Speaker, it is a pleasure to rise today to say a few words regarding Bill C-11, an Act to amend the Currency and Exchange Act. I listened very carefully to the Minister of State for Finance (Mr. MacLaren) as he explained the housekeeping amendments which, by and large, provide the general thrust of the Bill. Consequently, I do not necessarily want to go over the same ground. However, I would like to make a couple of comments and identify some concerns that I have regarding the nature of Bill C-11.

The question has already been raised about the need for a change of title. I suppose that it is hardly worth spending much time debating the appropriateness of the new title, "An Act respecting Currency". However, it does point out the value of the Auditor General's report. The Auditor General's report recently noted that the current Act, if strictly interpreted, would mean that for accounting purposes the Government would have to value its gold reserves at the market rate and not use the currently accepted practice. Valuation of the gold reserves at the market rate tends to lead to an overvaluation of the Exchange Fund Account since if we sold the gold on the world market, the price we would get would be less than the current rate. It certainly makes a good deal of sense to follow the Auditor General's advice in this respect in terms of the value Canadians will receive.

Another change broadens the ability of the Minister of Finance to engage in gold transactions. As indicated by the Hon. Member for Western Arctic (Mr. Nickerson), the Minister of Finance could always sell, buy or lend gold. Now he is able to use special agents to carry on this particular function in his place. One must ask what it is that encourages this particular change and what problems have existed in the past. What does it mean in terms of the possibility of the Minister involving himself in patronage practices of one kind or