

difference of interest charges the bonds being interest bearing. I cannot see how an increase of currency in Canada, regardless of a gold basis, will affect what we have to pay abroad. In spite of the Prime Minister's argument that is not clear to me.

If, for instance, we have to pay \$100 in New York and our money is depreciated by twenty-five per cent, we pay the \$100 in gold. If on the other hand we have to pay \$100 and our dollar is at par, and if we still pay in gold, we pay exactly the same amount of gold in one case as we do in the other, regardless of whether or not our money is at a depreciated value. Then I venture to suggest that the Prime Minister's interpretation of how we pay our obligations abroad was somewhat misleading, inasmuch as we do not pay our debts in New York with Canadian legals; we pay with goods, or with gold, if we pay at all. We would not affect the payment of our obligations abroad by an alteration in our money value, since we pay them in goods. We would not affect it if we paid in gold, because we do not affect our amount of gold by changing the value of our dollar. Therefore in either case I cannot see how we would be jeopardized at all in the payment of our obligations in gold by making an alteration in our currency at home.

The Prime Minister stressed the point that confidence of people abroad in our bonds made our bonds more valuable than our dollar, and that confidence had been established through the years by the fact that we had paid when the bonds were due. But we paid in what? We paid in goods when the bonds were due. And unless something has occurred which has impaired the wealth of production of this country there is no reason why any foreign debtor should lose confidence in Canada, because as long as she can produce wealth Canada can meet her obligations abroad in wealth—and I imagine that is all any country in the world can do. If they cannot do it that way, certainly it cannot be done with gold. People abroad are not such fools as we imagine. The fact that we have only forty per cent of gold to back our notes in circulation in Canada is known abroad, and to think that they imagine that we can redeem our bonded indebtedness in gold is to attribute to them imbecility. They know perfectly well we cannot do it, and neither do they expect us to do it. But we can do it in goods, and I suggest it is a sound theory that credit and currency in our own country should be based upon the wealth of the country.

Bill reported, read the third time and passed.
[Mr. Irvine.]

UNEMPLOYMENT AND FARM RELIEF
CONTINUATION FOR ONE YEAR OF PROVISIONS OF
RELIEF ACT, 1932

Hon. W. A. GORDON (Minister of Labour) moved the third reading of Bill No. 55, respecting relief measures.

Right Hon. R. B. BENNETT (Prime Minister): Mr. Speaker, I promised the right hon. leader of the opposition (Mr. Mackenzie King) that before this bill was finally dealt with a provision would be inserted to prevent the possibility of orders in council being passed under the provisions respecting peace, order and good government while parliament was in session. This matter could be dealt with in another chamber, or we could deal with it here, whichever the right hon. gentleman prefers.

Mr. MACKENZIE KING: I believe it would be better to do it here.

Mr. BENNETT: I would move, seconded by Mr. Rhodes:

That the said bill be not now read the third time, but that it be referred back to the committee of the whole for the purpose of amending as follows:—

"That subsection (b) of section 2 be stricken out and the following substituted therefor:

"When parliament is not in session, to take all such measures as in his discretion may be deemed necessary or advisable to maintain, within the competence of parliament, peace, order and good government throughout Canada; and at all times to take all such measures as in his discretion may be deemed necessary or advisable to protect and maintain the credit and financial position of the dominion or any province thereof."

I have given a copy of the proposed amendment to the right hon. gentleman opposite, and I believe it covers the point he made.

Motion agreed to and the house went into committee, Mr. LaVergne in the chair.

The CHAIRMAN: The Prime Minister has moved an amendment.

Mr. MACKENZIE KING: Mr. Chairman, as the Prime Minister has said, this amendment does meet the point I raised the other day, namely, that unless an amendment were made we would be in the anomalous position of giving the governor in council power to pass orders in council which would override while parliament was actually in session any legislation this house might pass. It seemed to me that that was going a bit too far. While the amendment does meet the one point raised I should not like it to be assumed that in its present form the bill is by any means acceptable.

Mr. BENNETT: I understand that.