

## DOMINION NOTES ACT AMENDMENT

POWER TO SUSPEND PROVISION FOR REDEMPTION  
IN GOLD—DISCUSSION OF GOLD STANDARD

Hon. E. N. RHODES (Minister of Finance) moved the second reading of Bill No. 54, to amend the Dominion Notes Act.

Right Hon. W. L. MACKENZIE KING (Leader of the Opposition): Mr. Speaker, this bill is very brief; its purport is to give the governor in council power to suspend that section of the Dominion Notes Act which sets forth that dominion notes shall be redeemable in gold on presentation at branch offices established or at banks with which arrangements may be made for the redemption thereof.

I believe it is a fact that already the government has been exercising the power for which it is now asking. If that is the case the government must have had some authority for so doing, and if it had such authority presumably that authority was sufficient and is still sufficient. So under the circumstances I do not see why this measure need be introduced at all. I might add that the introduction of a measure of this kind, unless it is absolutely necessary, would seem to injure rather than aid the credit of the country. Perhaps the Minister of Finance (Mr. Rhodes) who has the matter in hand has good and sufficient reasons for further taking away from parliament its control over this all-important matter, together with the other matters that we have been considering of late. It would seem that the parliament that laid down the special conditions under which this power should be exercised took a safer and sounder view of the authority and wisdom of parliament in the matter than the minister is taking at the moment. However, the minister may have special reasons for asking that this authority should be given at this time, and if so the minister might give us the reasons before we are asked to vote on the second reading of the bill.

Mr. RHODES: Technically I exhausted my right to speak when I made this motion, although I did not speak at that time, due entirely to the belief which I perhaps mistakenly held that no exception could be taken to the principle of the bill, and that any questions that might arise could be dealt with more properly in committee of the whole. I have, however, no objection to saying a word or two. I have not any doubt that this bill legally follows the one which was passed last year and which prohibited the export of gold. It is really a companion bill and if it

had been introduced at that period, I do not think any exception would have been taken to it. That it was not introduced at that time is due largely to the fact that the provision for redemption in gold was, in view of the fact that the gold could not be exported, an empty one.

I do not agree with my right hon. friend that by my bringing in this bill any question could be raised which would be prejudicial in any way to the credit of the country. It means merely that we recognize in the statute laws a situation which is virtually in effect. There can be no good object in an individual seeking to have notes redeemed in gold if he may not export the gold, and the measure is largely of advantage in preventing frivolous attempts to invoke the provisions of the statute as it at present exists. My right hon. friend is aware of the fact that under the Finance Act there is power to suspend the redemption of notes in gold, but the conditions there are so rigorous that the mere application of them would occasion a critical situation. The words used in the Finance Act are:

In case of war, invasion, riot or insurrection, real or apprehended, and in case of any real or apprehended financial crisis.

Certain powers rest with the governor in council, amongst others being:

(d) Suspend the redemption in gold of dominion notes.

In the case of this bill, that should apply under conditions far short of those which are provided in the Finance Act. We do not for a moment admit that there is any financial crisis or that one is apprehended, but at the same time, as a matter of proper conservation of our gold supplies for the country's purposes, we propose asking that this bill should be enacted and in doing so I may say that we are only doing in effect precisely what has been done in Great Britain and in the United States. I have under my hand if, when we are in committee, it should be desired, the exact wording of the statute so far as the United States is concerned and also so far as the law in England is concerned. This is a measure decidedly in the public interest and I do not think any reasonable objection can be taken to it. My right hon. friend has intimated that there seems to be a desire on the part of the government to take more power unto itself. Necessarily a provision of this kind should be elastic unless we are prepared to take the ground that for all time we shall do away with the redemption of dominion notes in gold. That perhaps is a debatable question, but it need not arise at this stage. Certainly, we are seeking no