

would be quite ample, and I believe would lighten the burden which now rests upon the Minister of Finance when he is faced with the necessity of meeting his obligations in New York. Would the minister consider that matter, or has he given it any consideration?

Mr. RHODES: I should be only too happy to consider it, and as a matter of fact have already given it a very considerable amount of consideration. However I do say to the committee in all humility and with the utmost frankness that I attach very little importance to my own views on this complex and intricate question. It is not one which can be juggled lightly by any individual, even by a Minister of Finance with one year's experience. It is a matter to which men have devoted a lifetime of study, and even they are not in agreement—men of the utmost erudition. It seems to me that the best we can do, upon balance, is to accept the experience, wisdom and judgment of individuals who have devoted time and study to it. Then, upon balance, it is for us to find out the best course to pursue in the circumstances. I have no doubt that we would do well to review many phases of our legislation with respect to banking and currency. That is one of the matters we had in mind when we suggested the appointment of the royal commission. Among other subjects I have no doubt they should and will consider this one.

Mr. MACKENZIE (Vancouver): Is not the Minister of Finance aware that one of the findings of the Macmillan committee in England was that we should dissociate gold as a basis of internal currency from gold as a means of meeting maturing external obligations?

Mr. BENNETT: No, it is quite the opposite.

Mr. MACKENZIE (Vancouver): And also that was one of the recommendations of the committee of the League of Nations. I shall produce my authority for the Prime Minister any time he wishes it.

Mr. BENNETT: I looked it up the other evening after the hon. member had spoken.

Mr. RHODES: I am sorry I have not the report of the committee before me, but I am almost sure my hon. friend is in error. However, whether he is or not is immaterial to the point under consideration. The royal commission to be appointed to inquire into our currency will have its own problems to deal with.

[Mr. Coote.]

Mr. MACKENZIE (Vancouver): Indeed, the recommendation made at the 1930 imperial conference was the same as that made by the joint committee of British industries in Great Britain, to the effect that the two should be dissociated.

Mr. MACKENZIE KING: I think the hon. members are attaching different meanings to the term "dissociate". The Prime Minister said this afternoon that so far as domestic trade was concerned we could use iron rings, but as an international currency, we would have to use something else.

Mr. BENNETT: I think that is true.

Mr. SPENCER: In this bill the House of Commons is asked to give the government power to suspend the payment of dominion notes in gold. It has always seemed to me an extraordinary thing that we should have two pieces of legislation on our statute books, one the Dominion Notes Act and the other The Finance Act, each practically contradicting the other. Under the Dominion Notes Act, as we read it, we can issue \$50,000,000 of dominion notes against a twenty-five per cent backing of gold. Then we are supposed to keep dollar for dollar in gold for any balance. Under the Finance Act the banks may bring a most varied supply of securities to the treasury board, and have advanced to them dominion notes. So far as the total amount is concerned, I have yet to see any limit named. As the Prime Minister has said, a dominion note issued under the Finance Act against securities is just the same as a dominion note issued under the Dominion Notes Act. Therefore the more dominion notes we issue under the Finance Act, the more the gold basis of our currency is reduced.

One thing it seems to me has been overlooked in this very interesting discussion, and that is the amount of private bank notes that are issued. I know this bill does not refer to private notes, but a client of a bank has a right to ask for dominion notes in place of bank notes, the bank note not being legal tender, I understand, except at the bank of issue. Under the Bank Act the private banks of this country have three different ways of issuing notes. I do not know that it is necessary for me to enumerate them; most hon. members know the situation as well as I do. First, they may issue an amount equal to their paid up capital, which is called the free issue. Then there is an excess issue, for which they pay five per cent, this issue can be equal to fifteen per cent of their paid up capital and unimpaired reserve, from September to February. A third way is by taking