

that it calls for further consideration of the matter set forth in the amendment before the bill is given second reading. I therefore consider the amendment to be out of order.

Mr. R. W. GRAY (West Lambton): Mr. Speaker, the house has listened with interest this afternoon and evening to the remarks of the Minister of Finance (Mr. Rhodes) on the second reading of this very important bill to create a central bank of Canada. The minister has indicated that the house should cooperate with him and the government by making suggestions how we may, if possible, improve the various sections constituting the bill, and I hope anything that I may say to the house may be taken by the minister and the government as being in the nature of constructive criticism.

I propose to discuss the measure not as an expert in banking or finance, but from the point of view of the average citizen, to ascertain whether in the setting up of this corporate entity through which the very foundation of our national credit structure is to be controlled, we have given it the powers by which it may become an effective force nationally and internationally. If I should ask the house to-day what is Canada's greatest need, I think I could sum it up in one word—trade. Slowly recovering from the madness of economic nationalism which beset almost every country including our own, the world is gradually realizing once again the need for world trade. Leading economists have been outspoken in the matter and I quote but one, Sir Arthur Salter, an economist whose words have frequently been quoted in this house on other matters. Sir Arthur Salter on October, 1932, had this to say:

Further development of world organization lies between greater freedom of trade and intercourse between nations and large economic units. Not more in the way of isolation.

The former will help to remedy currency and price situation in a normal way; the latter would aggravate that situation and bring certain nations to bankruptcy. The former would lead to peace and progress; the latter almost certainly to civil and international strife. The world is the only real economic unit.

Even this government, with its progressive nationalism and the introduction of policies which have helped to reduce the trade of Canada by almost two-thirds since they came into power in 1930, recognized this fact when they set up the commission on banking and currency. In the order of reference, P.C. 1562, we find the following:

That it is also advisable to consider whether and in what respects the banking institutions and the monetary system of Canada may be

modified, extended or developed for the purpose of facilitating intra-imperial and international cooperation in public policies designed to promote the revival of domestic and foreign trade and enterprise and the general increase of employment and to ensure a greater measure of stability in respect thereto.

Lord Macmillan recognized trade as one of the most important services that could be rendered by the central bank. At page 63 of the same report he said:

The services which a central bank may perform in the international sphere are even less easily dispensed with in the modern world than those which it can render within the borders of a state. Whatever changes may occur in the volume of international trade and the comparative positions of various countries, there has never been a time when external financial inter-relationships have assumed more importance than in the last decade. The reason for international monetary cooperation is urgent and constant.

Again in section 164 of the same report we find the following:

Canada presents a number of prominent economic characteristics which determine the special nature of her financial problems. These characteristics are mainly:

1. Excess production in relation to population;
2. Dependence on international trade;

In paragraph 166 we find this statement:

Within her borders are immense and varied natural resources. The exploitation of these resources by an active and enterprising people has led to an output of commodities of many kinds greatly in excess of the consuming power of the existing population.

167. In order to dispose of this surplus, Canada has necessarily to find markets abroad for a considerable proportion of her production.

I need scarcely say here, because I do not wish to get into anything controversial, that the liberation of external trade has been and ever will be, I hope, one of the chief planks in the platform of the Liberal party. If liberation of external trade is one of our greatest needs and under this act we are marshalling the resources of the nation into one corporate body, what powers are we giving to that body in order that it may perform this very important function? I wish to direct your attention, Mr. Speaker, to section 20 of the bill, under which the business and powers of the bank are set out. I think that in respect of those functions which I have just outlined we are indeed falling far short. I shall read only clauses (e) and (f) of subsection 1 of section 20:

(e) buy and sell short term securities issued by the United Kingdom, any British dominion, the United States of America, or France, having a maturity not exceeding six months from the date of acquisition by the bank;