

On that occasion the only support which the suggestion received was from the hon. members in this corner. As far as I remember the leader of the opposition did not take any part in the debate. The Prime Minister on that occasion said that he could not agree to the establishment of a central bank at that time. It might be worth while reading to the house the last sentence of his remarks on that occasion. He said:

But I ask my hon. friend not to press his motion to a vote at this time because this country is not prepared to make the change that his motion involves, and until it is apparent it is, there is no good reason why the action should be taken. But I assure my hon. friend I am sufficiently alive to human progress to realize that time may come, and if when it comes, we are here, as we probably shall be half a century hence, that action will be taken.

When I introduced the motion three years ago, Mr. Speaker, the main reason I gave, which was stressed all through the course of my remarks, was the need to establish some agency to control credit in Canada in order to maintain, so far as it can be done through monetary control, a stable price level. I want to say that if that action had been taken at that time; if we had set up in Canada a nationally owned central bank charged with that duty and given the necessary powers, we would to-day be in a better position as a nation. On that occasion I pointed out that Australia had a nationally owned bank, and I think it worth while to advise the house just what use has been made of that bank in that country. It has assisted materially in bringing about in Australia much better conditions than exist in Canada. I have here a review of an article which was written by Professor Douglas Copeland, of the university of Melbourne, and which appeared in a recent issue of Lloyds Bank Monthly Review. In paragraph 4 the review points out that the expansion of credit in Australia was of great assistance to the government in meeting the depression in that country. The review goes on to say:

Bank credit was expanded for financing government deficits and public works by the issue of treasury bills through the Commonwealth Bank, Australia's central bank. During the crisis the expansion was at least 40 per cent. The treasury bills held by banks in Australia last June amounted to approximately 48 million pounds. They bear interest at two and a half per cent.

That is worth noting.

They form a convenient form of investment for banks in a period of low demand for business loans. They may be discounted at the Commonwealth Bank. Various kinds of fears have been expressed regarding the dire consequences which would follow the issue of the

[Mr. Coote.]

bills, but so far nothing has happened to cause Australia to lose sleep over them.

As a result of the joint action of the Commonwealth Bank and of the government—and this action was taken at the request and with the full approval of the government—for eighteen months commencing in January, 1931, Australian wholesale price levels were relatively stable. They fell seven points as a result of the crisis in the United States, which began in October, 1932, and reached bottom in March, 1933. Then they recovered. Taking 1911 as 100, wholesale prices in 1931 were 143 and in 1932, 141. The corresponding figures for Canada are 118 for 1931, 109 for 1932, 100 for last March and 111 for last June. In other words, our wholesale price index in Canada has been approximately 30 points below the level in Australia, and as a result of that our producers and businessmen, and the country as a whole, find themselves infinitely worse off. Four years ago Australia was in a worse position than Canada, or to put it the other way I would say that Canada was in a better position than Australia, but Australia took appropriate action; they had what I consider a more intelligent monetary policy, and one reason why they were able to do so was that they had a central bank. Yet when I introduced the resolution in 1931 asking for a national central bank it received no support outside this corner.

I was discussing the question of the relative position of Canada's currency on the world markets with some professors of economics in Canada in 1931, and they agreed that I was right in my contention that our currency was at too high a level, but they said, "We have no machinery to control it, and we will have to put up with the present position." I asked, "What do you mean by machinery?" and their reply was, "We have no central bank." I came to this house and introduced the resolution asking for the establishment of a central bank, but it was refused by the government. Now the idea has become popular in all quarters. I am very glad of that, but as a citizen of Canada I must express my regret that we did not take action three years ago. I believe I would not be overstating the case if I said that if, during the past three years, we had maintained in Canada the price level that has been maintained in Australia, this country would be better off by a billion dollars. If in 1932 we had maintained a comparative price level with Australia our wheat crop of that year would have been worth a hundred million dollars more in Canadian currency to the