

There is one other point which should be mentioned in connection with this bank, and that is that the nation is the ultimate source of credit. The case of the Canadian Pacific bond guarantee of \$60,000,000 is a good example. It was the guarantee of the dominion that made it possible for the banks to advance the \$60,000,000; the guarantee made the security gilt-edged. The currency of the central bank will be based three-quarters on the credit of the nation and one-quarter on gold. It seems to me that this is another added reason why this bank should be in every respect of the word a national bank.

I believe the chief cause of poverty in the midst of plenty is an obsolete money system. It is the duty of parliament to bring to an end this disgraceful state of affairs in Canada and we cannot do this unless we adopt a new money policy. The setting up of the Bank of Canada as our own bank under national control to enable us to make full use of the nation's credit in creating sufficient purchasing power is the first step in abolishing poverty in the midst of plenty.

The reason advanced in favour of private ownership and control as against national or public control is the fear of political interference. In reply to this argument I would say that the Finance Act has been administered by a government department for nineteen years and I never have heard even a suggestion that there was political interference or that political influence was used to secure any improper advances under the Finance Act.

I recognize the difficulty which the Prime Minister finds in connection with partisan appointments, but surely we can arrange such a method of nomination of men for these positions by the various economic bodies in Canada as would do away with that fear. I have already instanced the Commonwealth Bank of Australia. Surely the government and the people of Australia have not suffered because this bank is publicly owned. I say that the Bank of Canada should be a nationally owned bank. It should be "an arm of the government." It should be operated in the service of the people without any profit motive. The board of directors or governors should be appointed by the governor in council from slates of names prepared by the various bodies representing the major economic activities of the country. Why should we at this time set up another privately owned bank? Let us make it in reality as well as in name the Bank of Canada. In conclusion, I move, as I have already intimated, seconded by the hon. member for Wetaskiwin (Mr. Irvine):

That all the words after "that" in the main motion be struck out and the following substituted therefor:

In the opinion of this house the government should give further consideration to the matter of providing that the stock of the proposed central bank should be owned by the government and that the governor and directors of said bank should be appointed by the governor in council.

Hon. E. N. RHODES (Minister of Finance): Mr. Speaker, may I say at once that I am in entire agreement with the leader of the opposition (Mr. Mackenzie King) in respect to the attitude he has taken this afternoon in regard to this measure. While we will agree to disagree with respect to certain features of the bill, we are in agreement, I assert, with respect to the appreciation he has of the character of the debate which ought to take place upon the second reading of a bill.

I am sorry that I am not in a position to say the same to the hon. member for Macleod (Mr. Coote) who has, I respectfully submit, failed to appreciate the distinction between a debate upon the principle of a bill and the question of the details of a bill, however important or vital they may be, because the fact remains that at the moment the principle which we are discussing is: shall we have a central bank?

Mr. MACKENZIE KING: And that is the only principle.

Mr. RHODES: That is the only principle. The point whether this bank should be publicly or privately owned as well as questions respecting the numerous other details incidental to the bill are matters of detail which can be dealt with by way of amendment in the regular course as we proceed in committee on banking and commerce, or in committee of the whole house, or upon motion on the third reading of the bill.

The hon. member has moved an amendment. Let me say at once that I think he has in so doing placed himself in an indefensible position. In the first place his amendment is strictly out of order and contrary to the rules of the house. On that point I do not ask for an immediate ruling; possibly Your Honour may wish to study the matter over the dinner recess or even longer, and I do not press for a ruling at the moment, but I wish for a few minutes to discuss the question of procedure and to refer the house to May, 13th edition, at page 391, from which I shall cite but one sentence which comes under the provisions headed Second Reading of Bills. It reads:

Nor may such an amendment deal with the provisions of the bill upon which it is moved,