

price movements and international exchange fluctuations, to consider whether the monetary system of Canada may be so modified and developed as to facilitate intra-imperial and international cooperation in policies designed to promote the revival of trade, the increase and stability of employment and the raising of the level of commodity prices, and generally to make such recommendations as we may deem proper for revising or supplementing existing legislation or for the adoption of other measures calculated to promote the economic and financial welfare of Canada.

In other words, the reference provides for what I regard as a complete overhaul of the machinery of our monetary system. It is a matter of some regret that the commission did not, during the course of its review of conditions in Canada, find it possible to deal with matters which are to some extent outside the banking situation. In this connection, the chairman says:

We have taken a more moderate view of the duty entrusted to us and have considered it rather to be our task to enter upon the field of these large topics only in so far as they affect and are affected by the more specific subject of our study, namely, the banking and currency systems of Canada.

The result has been that the only concrete recommendation made by this commission is for the establishment of a central bank along with certain suggestions as to the constitution of that bank and other recommendations with regard to amendments to the Bank Act. These latter recommendations are included in the chapter of the report which gives the general review of the banking situation in Canada. Another recommendation is made that the government should apply itself to an investigation of the subject of rural credits, which indicates that at that time the commission did not feel itself to be in a position to deal with this important matter.

I am not one of those who consider that our examination of the monetary system of Canada has been completely exhausted by the examination of our banking legislation or by the proposal to create a central bank. I feel that the monetary system is probably the most important bit of machinery in our economic life. There were other matters which this commission could have dealt with and discussed in an effort to improve conditions in Canada. I am not complaining in the slightest. I appreciate the fact that the commission was charged with a very heavy task and that the services of the chairman and of Sir Charles Addis were given at a time most inconvenient to themselves, but given with a desire to benefit this country if at all possible. I am sure that the services of the other members also were devoted to the task in the same spirit. Nevertheless it

[Mr. Ralston.]

seems to me that the fact that the recommendation is confined to banking legislation, both with regard to private banks and with regard to the central bank, indicates how important they consider these institutions are in the light of conditions in this dominion.

When we speak of the monetary system of Canada we mean of course the system whereby cash and credit are provided by those who deal in cash and credit for the use of those who may want to purchase goods or services but who find themselves in the position that those who have such goods and services to sell do not want to take goods and services in exchange. Obviously a matter which is so vital to our economic situation and the problems that confront us must call for the most careful attention and the most thoughtful study of this house.

I felt that the commission might have explored some suggestions which were put forward by the Macmillan committee in England. That committee suggested that the existing banking system and the financial institutions in operation there did not cater as effectively as they might to a certain class of enterprise which was most useful in the life of the community and which at the same time was too small to be able to provide its capital by public issues. It was suggested in the report of that committee that it might be possible to establish some sort of central body which would have to do with the financing of enterprises of that kind. It seemed to me also that there might have been some study with regard to the provision of capital, under proper circumstances, for those engaged in the primary industries who have to make outlays for capital purposes, and who therefore may not be able to obtain from the existing financial institutions the facilities they desire, but who might be able to come to some central body of the kind suggested by Lord Macmillan's committee. There was a suggestion there as well for a board of national investment which might exercise these functions, which might be in a position in proper cases to provide capital for small enterprises or industries, primary or secondary, and which at the same time might be in a position to go even so far as to regulate issues on the stock exchange, so that not only might the person who wanted capital be protected, but the investor as well.

These matters are not dealt with in the report. It is a matter of regret that something of that kind was not studied, but we quite understand the circumstances under which the report was made. I feel therefore, Mr. Speaker, with respect to this bill, that it