

because, in the operation of any credit or financial institution, the confidence of the public is absolutely essential to success, and that confidence is more than apt to be lacking if there creeps in political management or political interference with policy, with frequent changes as a result of political influence. In the second place, I think we shall all agree that one of the major functions to be performed by a central bank is to control the total volume of credit and currency with a view to achieving a greater measure of stability in our economic life, and more specifically with a view to smoothing out as far as may be possible, by means of monetary action, both short run and long run fluctuations in the general level of commodity prices, which have been a serious difficulty if not indeed the curse of our modern system of free economic enterprise.

Now, there is one other objection. I know that many hon. gentlemen will not agree with me, but I wish to say with all the seriousness at my command that it is my firm conviction that we cannot successfully operate a government central bank in Canada which is subject to patronage. Why did parliament divest itself as it did and hon. members divest themselves of the right to make political appointments in the public service, many of them of an important and some of a minor character? It was because there was an appreciation of the evils inherent in the system of patronage. I can speak with some little experience upon this point not only because of the number of years that I have been in public life, but also because I think I could fill a bushel basket with the numbers of letters from individuals and their uncles and sisters and cousins and aunts with respect to persons who seek employment in the new central bank of Canada. I already have, I think, applications sufficient to staff at least two dozen very large institutions of that character, to say nothing of letters from people who want to sell real estate, to furnish supplies, to rent buildings and whatnot. I have replied to every one of those individuals, no matter how deserving they might be, and how much I might wish to be of service to some whom I knew, in every case the same, that their applications will be placed before the management of the central bank when it is established and their chances of selection will depend entirely upon the judgment of the management. In my opinion there would be no surer method of killing or at least of crippling the central bank to such an extent as to render it useless as the exercise of patronage in appointments to its personnel, because I know of no

[Mr. Rhodes.]

other institution where men and women must be selected solely upon the basis of their fitness, qualifications, integrity and ability to give service apart altogether from political considerations whether they be of a personal or party character.

Mr. SPENCER: Does that argument apply to appointments of deputy ministers by the government?

Mr. RHODES: It may in degree, but I would answer my hon. friend by saying this, that I venture to think any government worthy of the name, whether it would be this one or any other, or a government of which my hon. friend was a member, would have to select men solely for their fitness for the post, and I venture to prophesy that no appointments will be made of deputy governors or governors except of individuals who have not applied for them; in other words, the government will seek the man and the man will not get the job because he has sought it.

Mr. SPENCER: I did not mean the deputy governors of the bank; I meant the usual practice of the government in appointing deputies to the different departments of the public service.

Mr. RHODES: My hon. friend means deputy ministers. If he wants to carry the argument to that length, he might very well say that members of the judiciary are partisan because they are appointed by the government. There must be some reasonable measure of discretion in dealing with the question of patronage and it should not be carried to the lengths my hon. friend is suggesting. The government might select for a high post in the judiciary a man who has held marked political leanings, but I have never heard it suggested, and certainly I have known of no instances in practice, that when his appointment has been made, that man has not brought dignity to the bench, certainly in the majority of cases, and has shed his political partisanship.

Mr. WOODSWORTH: Is that also true of bankers?

Mr. SPEAKER: An hon. member should not interrupt a member who is addressing the chair.

Mr. RHODES: Not only do I believe bankers are human, but I really think some bankers are honest. This statement may surprise my hon. friend, but I think in Canada he will find just as high a degree of honesty,