

that these powers, which properly belong to the government and to parliament, are being exercised by private institutions for their profit and to the detriment of the economic life of the dominion.

If this legislation is passed I hold that this government is yielding sovereignty in matters of financial control. True, this parliament may have the power to recapture that sovereignty; I am not questioning that. But I am saying that by delegating these powers we are practically yielding sovereignty in the matter of control of financial policy. And, if you please, we are to yield this power to a private institution because of a thing called political influence. Let me remind the minister and this house that it was the abuse of power by private bankers and by none other that has led to the great and universal agitation for public control of finance to-day. Let me offer an example or two of maladministration of finance, both in this and in other countries, by private banking during the last few years, to go no further back. Everyone will realize that the drastic deflation policy of the post-war period was a policy of the bankers, universally applied, entirely destructive in its influence upon the business and industry of every country where applied. That policy, followed for years, indicates the stupidity of bankers, the incapacity of bankers, an incapacity that was frankly acknowledged by the leader of the greatest central bank in the world, Sir Montagu Norman. I am just reminded that he was getting married at that time, and his vision ought to have been clearer then than at any other time.

Another example of the bankers' failure is this. Take the world's debt, which stands to-day at over four hundred billion gold dollars. Who devised the system by means of which that tremendous debt was pyramided? Private bankers. And who were the people who actually administered that system and made the loans represented by these debts? The private bankers. The private bankers of the world have made the greatest mess of the world's history, and we are in the middle of it now. And now we are going to start another group of private bankers and put into their hands the power to guide the financial destiny of Canada. Not only have the bankers been the greatest failure in history, accounting more than any other class for the present economic position of the world, but it is true to say that there is no class in this country in which the people have less faith in the handling of the financial situation than they have in the bankers at the present time.

It would appear that the government is aware of the incapacity and unpopularity of the bankers, from the manifest effort to exclude them from even holding shares in the central bank. Let me quote the minister in this regard—and here is a splendid principle, which I regret to say was forgotten in the drafting of the bill. When speaking on the resolution, commenting on one of the functions of the bank being to give expert advice to the government, the minister said:

It cannot be too strongly emphasized that the exercise of these functions lies outside the power of any simple commercial institution or group of commercial institutions.

Now, this is what I want you to listen to particularly:

No purely profit-making institution, operating in a competitive system, can afford to place social interest before its own in regard to credit policy.

Now, sir, that is truth; that is a statement of a great democratic and honest principle, and I regret to say that the minister has not followed it in the drafting of the legislation. But I would raise this question: Can the present bankers be excluded from holding shares in the central bank? I submit that they cannot, that there is no legislation which this government or anyone else can pass that would prevent them from getting control; and I propose to indicate how they will get it. Take the National Trust Company and the Montreal Trust Company; both are subsidiaries of banks in this country. These companies have 832 directorships in a number of business concerns, and in addition to that there are 183 companies in this country that have a president and directors on one of the big three banks in Canada. Now, these companies may buy shares in the central bank stock. So far as I know, there is nothing in the legislation which will prohibit individuals in these companies from doing so. So that such individuals, being already directors on one of the various banks of the country, will also have control of the stock and control of the directors of the central bank. That is only one way in which the bankers may overcome the legislation now before the house in so far as it tries to exclude them from holding shares in the central bank. The government however shows continued faith in private ownership, in creating a new group of private bankers. The minister admits the danger of this, and he thinks that safety lies in the limiting of profits. I quote him:

Limitation of profits removes dangers inherent in private ownership.

He is referring to the private ownership of the Bank of Canada. Well, the answer to