government with an institution with which it had to do to the extent only of granting licences. If a condition of that kind were to arise with respect, not to some institution simply licensed by the government but to a government owned bank, through some fault of management resulting in personal and public loss, I can see where conceivably there might be created something in the nature of a panic in the state owing to the confusion which might arise in the public mind through the identification of the state itself with the institution. Anyone who has had the responsibility of government must realize that in connection with state affairs it is all important that at all times the soundness of the position of the state itself and of the position of the state in the mind of the public should be one which admits of no doubt whatever.

These are simply contingencies and they must be considered as against other contingencies. Against them it is to be said that that situation has never arisen in connection with any government owned institution in this country. It is to be said further that having a knowledge of our people and having a knowledge of the character of the persons likely to be in charge of the administration of this country's affairs there is little or no probability of that situation arising. To the alternative of a publicly owned and controlled institution, there has to be considered the pros and cons of a privately owned and controlled institution and the alternatives which lie in between these two extremes. The government has apparently decided wholly in favour of a purely privately owned institution, not one privately owned only but one privately controlled as well.

I want to take very strong exception to what the government is doing. Because the Prime Minister (Mr. Bennett) has decided in his own mind against the idea of a publicly owned institution, he and his colleagues and his supporters are now going to the other extreme of private ownership and private control and are deciding against any kind of effective public control. They are declaring for a privately owned and a privately controlled bank. That is going to an extreme which it seems to me, when its probable effects are carefully considered, will be found to be very much against the public interest. The amendment moved by the hon. member for Vancouver Centre makes it clear that in seeking to find what is most in the public interest this house should not be restricted to a consideration only of extremes and called upon to reach a decision in accordance with the one extreme or the other. The amendment suggests, seeing that views are so divergent that a place may be found within the two extremes, which may avoid what might be in the nature of dangers in either. We believe that with extremes ruled out this can be found in providing at least a sufficient amount of public control to insure that the control of this bank will be in the hands of the state and not in private hands. The amendment simply asks this house, in view of the fact that the government is going to the extreme, to reconsider this matter before it is too late and see by reference back to the committee whether it is not advisable and possible to adopt something short of the extreme measure which is being proposed and something which will ensure no uncertain measure of public control.

Having been one who right along has strongly advocated the establishment of a central bank, I wish at this time to make clear the grounds upon which I personally have advocated the institution of a central bank and the grounds upon which the Liberal party has made the institution of a public bank a part of its policy. The hon. member for Vancouver Centre has referred already to what I said when speaking in this house on February 27, 1933, in outlining the position of the Liberal party on the central bank. I should like to read again the words quoted by the hon. member for Vancouver Centre. Referring to the control of credit and stating the position of the party with respect to the control of credit, I said:

The Liberal party believes that credit is a public matter, not of interest to bankers only, but of direct concern to the average citizen. It stands for the immediate establishment of a properly constituted national central bank, to perform the functions of rediscount, and the control of currency issue, considered in terms of public need. A central bank is necessary to determine the supply of currency in relation to the domestic, social and industrial requirements of the Canadian people; and also to deal with the problems of international commerce and exchange.

I desire to direct special attention to these words:

—a properly constituted national central bank—

Also:

To perform the functions of rediscount, and the control of currency issue, considered in terms of public need.

Note "in terms of public need" not possible private gain.

When this bill came up for second reading very careful consideration was given by this