

are some thirty-six central banks in the world. Six of them are owned by their nations; the others are not. The six are Bulgaria, Finland, Russia, Latvia, Sweden and Australia.

The hon. member for Macleod (Mr. Coote), with his usual passion for accuracy, is not quite right with respect to the Commonwealth Bank. In 1928 its profits were in part capitalized, the capital being made £4,000,000. The reserve taken out of profits was £303,000 and the savings bank branch had approximately £1,075,000 allotted for its capital. The earnings of that bank have been very large. The Commonwealth Bank of Australia has earned more than £8,000,000 in profits and it has discharged a great and useful function. At the appropriate time one could point out the distinction between Australia and this country with respect to the matters to which the hon. member for MacLeod referred. No good purpose, however, can be served by making a statement so extreme as that made by the hon. gentleman because our country has not seen fit to inflate as he has suggested. To indicate that the loss has been a billion dollars or that any such sum as that has been lost because we have not departed from sound finance in this dominion is something that, I think, will not bear even casual investigation, he having entirely overlooked our geographical position. I had occasion in another place to refer to some of the realities of life and one of them in Canada is that we are on the northern half of the North American continent; that we have a population of 10,500,000 while to the south of us we have a country with a population of more than 120,000,000, and that we are a debtor country. If one remembers just those three facts, that situation, I think, differentiates conditions in the Dominion of Canada from those in the Commonwealth of Australia. The statements that have been made will not bear examination of the most casual type, and I do not think any good purpose is served by making such extreme statements with respect to these matters.

I can only say that in adopting the recommendations contained in the Macmillan report with respect to capitalization and following the practice pursued in regard to thirty of the thirty-six central banks of the world, we believe the step taken, the provisions made, will best afford the Canadian people safety and security; that the credit to which the hon. member for Winnipeg North Centre (Mr. Woodsworth) very properly referred, will be more amply provided for the people of this country than it would be if it were subject to the capricious action of any political party and that, as was said the other

day in the editorial utterances of a great western paper, it is highly desirable in the interests of Canada that we should make it abundantly clear that whatever group may be in power, with the establishment of a central bank, it is imperative that we surround it with such safeguards as will make it impossible that the credit facilities of this dominion shall be available for other than wholly legitimate purposes.

I know better perhaps than some, not as well perhaps as others in the house, how great are the expectations that have been held out to the people in some parts of the country as to what would result from the establishment of a central bank. That sort of thing is very injurious because the functions of a central bank, even were it to exercise the widest possible authority and to have conferred upon it the greatest possible jurisdiction to deal with monetary matters, are such that in the very nature of things it cannot confer upon the Canadian people the benefits that some of my hon. friends opposite and to the right have at times suggested—perhaps not the hon. gentlemen themselves so much as some of their supporters, for when I read the papers occasionally as I have to do when I get a moment's leisure, I am appalled at some of the speeches that are made as to what a central bank is to be. No longer were we to worship the golden calf, because that was a matter that was as antiquated as are the days of Aaron, but a new day was to come and this central bank was so to dispense credit that all who needed money had but to apply and all who sought the wherewithal to discharge their obligations had but to seek and they would find. That is not the function of a central bank and unfortunately in a world of realities we have to deal with this situation in a manner that I believe, in every sense, will make the central bank an instrument for the advancement of this country. With the aid of the chartered banks, for they must play a very important part in making a central bank a success, I believe firmly and earnestly it will serve a useful purpose. There are those who sometimes suggest that it is in opposition to the chartered banks it is to appear. That is not so. The central bank cannot accept deposits for interest. It will be the repository of the reserves of the chartered banks. In the very nature of things it will discharge the functions of the financial or fiscal agent of the Dominion of Canada; it will be the note issuing authority of the dominion; it will create and issue legal tender; it will determine the extent to which rediscount shall take place; it will determine the

[Mr. Bennett]