

far as they go I think they will meet with the commendation of every member of the house. The principles are these, first:

To regulate credit and currency in the best interests of the economic life of the nation.

My first submission is that this legislation, which transfers to a private profit-making corporation, the complete control, with very slight governmental control, over the credit and currency of the nation, is not such as is likely to regulate that credit and currency in the best interests of the economic life of the nation. The second principle is:

To control and protect the external value of the national monetary unit.

It might be assumed by hon. members that this institution would be helpful in assisting us to extend the value of the national monetary unit, but my personal conviction is that when we transfer to this private organization, this private corporation which possibly may consist only of 2,000 Canadian citizens, assets which I shall describe, we are not doing anything that will enhance the value of our national monetary unit in other countries. The third principle set out in the preamble is:

To mitigate by its influence fluctuations in the general level of production, trade, prices and employment.

Again, I doubt whether the organization of a private, profit-making central bank can achieve these results. The general question of dealing with production, the general question of dealing with trade, the general question of dealing with prices, the general question of dealing with employment is deliberately avoided by this legislation, as it was deliberately avoided by the Canadian Macmillan commission, and I submit this afternoon that, despite the brilliant report which was produced in England in 1931 under the chairmanship of that distinguished Scottish jurist Lord Macmillan, the Canadian Macmillan commission's report was a most disappointing one to the majority of Canadians. There was in that report no comprehensive effort to review our industrial fabric, our financial fabric, our economic fabric, and the only true conclusions of the report were in the first place to advocate a central bank in Canada, which we had already determined to do before the commission was ever appointed, and in the second place the suggestion with regard to legislation affecting rural credits. To be fair, there is in the preamble a reservation:

—so far as may be possible within the scope of monetary action.

[Mr. I. Mackenzie.]

Then the last principle of the preamble is this, and it is very important, because I must steadfastly submit that it is not being carried out by this legislation:

Generally to promote the economic and financial welfare of the dominion.

I believe that this legislation will do something in that regard; I said so the other day. I believe that if we accept the principle of private ownership this legislation may be an improvement on the financial organization we have had in the last twenty years under the Finance Act. But I do believe that a system of directing, controlling and operating the credit of Canada for the public need and not for private profit would be much more advantageous than the bill which is before us this afternoon for third reading.

Now, without delaying the house I wish very briefly to review the history of this legislation since it has been before us for consideration.

On February 22nd the Minister of Finance (Mr. Rhodes) moved the following resolution:

Resolved, that it is expedient to introduce a measure to incorporate a central bank in Canada, and to provide for the appointment and salaries of the officers and staff of the bank and the appointment and fees of the directors. . . .

I wish very briefly, in justice to the other side of the question, to review the arguments which were used by the Minister of Finance when he submitted to the house the resolution preceding the bill and, in the second place, when he submitted the bill itself. As reported at page 825 of Hansard, he said:

Admitting this fact however, is not to be taken as implying that our banking structure has deteriorated in recent years, making it necessary to supplement it.

And again:

Coming to the main features of the bill itself, I shall indicate them as briefly as possible. As at present proposed the Bank of Canada is to be a privately owned institution. . . .

At page 827 he is reported as follows:

Clearly, however, the bank should not be subject to dictation by the government, for at times the exigencies of public finance might not be wholly in harmony with banking policies that might be considered wise and essential in the general public interest.

He quotes from the Macmillan report at page 98—and I am trying now to repeat to the house the argument used by the Minister of Finance and subsequently repeated by the Prime Minister himself in favour of private ownership as against public ownership or