

need of currency would get just the amount of currency for which he longed. That class of votes was appealed to in the campaign. It was pretty numerous. It embraces many well-meaning people, for there are vast numbers who cannot be expected to have a very practical grasp of the real purpose, function and destiny of currency and all the difficulties under which the financial system of a single country, one of a family of nations, must be carried on.

And so we were told we were to have a revision in order that those great public needs might be attained. We were to have a revision this session that would make this new central bank the real property of the State, that would restore control to the Government of the nation for the people of the nation, with full mandate to issue currency in terms of the need of the people. That is to say, the more the need the greater the currency, and the currency would flow where it was needed—not remain merely in the hands of those who were its rightful possessors.

Well, here we have this Bill. I will give the House the particulars in which the measure changes the law. First of all, it provides that the Government of Canada shall subscribe for another issue of \$5,100,000 of the capital stock at the price paid by the public. That is \$100,000 more than the total capital stock now held by the public, and therefore, according to the pretext of the advocates of the measure, gives the Government something in the nature of more authority, derived from more ownership. This further subscription is not built upon the theory that any more money is needed for the capital of the bank. Even the Minister who introduced the Bill did not suggest that more capital was needed. The bank has all the capital it can make use of. When Australia established a central bank no capital at all was subscribed. The Government there just lent the central bank such working capital as it desired. With the franchises, the tremendous powers, possessed by a central bank, there is nothing to prevent it from earning sufficient money to justify its financial existence without its requiring much in the way of capital. So the capital, so far as it lies in the vaults of the bank, is redundant.

At this point may I introduce a little recollection. It is about three days since we sat in committee on the Income War Tax Bill. We discovered there a shocking fact—for it was pronounced shocking even by the Government officials, and justified only because absolutely necessary—that business institutions in this country, small and great, struggling and affluent—if, indeed, any are affluent just now; most of them are struggling

desperately—had again to be brought before the financial bar and assessed, one and all, for taxes on moneys earned as far back as the beginning of 1934. Business firms which had paid all taxes the law called for, all their income tax and corporation assessments, and held clear, complete receipts from the treasury of Canada, were called back, I say, to the taxation bar, and more money was demanded of them for these years. The only answer we got in asking for an explanation was, "\$6,000,000." The Government had to have \$6,000,000. All that money, or nearly all, is now shifted here. Those taxes were collected in order to put \$5,100,000 into this central bank, which has no need of it. That is one way of stating the case, honourable members. But the true explanation is this: it is done in order to enable the Administration to find a way out—to make a pretence to the people of Canada of executing a promise that meant something, and to pay for its own vindication out of the treasury. After the money is in the bank, and after the Government has elected the majority of directors, the people have not one atom more of control over that bank than they had last year, or when the Act was passed; not the shade of a shadow of an atom. The control is the same as before.

I questioned the Deputy Minister of Finance. He said there was now more control, and this is how he explained it. He said control was exercised previously by the executive committee, consisting of the Governor and the Deputy Governor—both appointed by the Governor in Council—and one director. If the officials appointed by the Governor in Council did not do what he desired them to do he could discharge them. The Governor in Council, of course, would be thoroughly justified in dismissing them, because the whole spirit of the law was that the policy and administration of the bank should be centred in and derived from the Governor in Council. Appointees of the Government, though men of financial experience and learning, necessarily follow in matters of policy the dictates of the Administration. There, he said, was the difficulty. But now, he said, inasmuch as this new board is to be named by the Government, the resolutions of the board are going to be resolutions favourable to the Government, and therefore there is more control than there was before.

Let us examine that statement. Suppose the board named by the Government, or one of the members of the board—enough to carry the majority to the other side—disagrees with the Government. What can the Government do? It can do exactly what it

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