

Hon. Mr. CASGRAIN: Had the Bill not passed the House of Commons?

Hon. Mr. MURDOCK: I said a little while ago that this Bill had not passed the House of Commons until this morning, less than sixty minutes before we were asked to give it second reading. I am not finding fault particularly; I am trying, in relation to this all-important Bill, to put before every honourable senator facts bearing on the question whether this is the proper consideration that we should give to such a measure.

Now I want to deal with the set-up and formation of the proposed bank. I think it will be worth while to put on record how the provisional directors are to be appointed, because later I shall deal with the manner in which they are to be superseded by a permanent corps. Subsection 1 of section 9 reads:

Notwithstanding anything contained in section ten of this Act, the first, or provisional, directors of the Bank shall be the following members of the Civil Service of Canada, namely, The Deputy Minister of Finance; The Counsellor of the Department of External Affairs; The Comptroller, Government Guarantee Branch; The Comptroller of the Treasury; The Comptroller of Currency; The Director of Estimates and Assistant Secretary to the Treasury Board, and The Solicitor to the Treasury, who shall remain in office until replaced by directors duly elected in their stead at the first general meeting of shareholders. The said first or provisional directors shall serve without remuneration.

If the Bill provided for the appointment of a continuous Board of Directors of that kind, I do not think I should take up the time of the House for one moment, because that appears to me to contemplate Government control, Government domination, Government responsibility. But unfortunately, as I see it, the Bill provides how that Government control board shall be superseded by other persons. Let us analyse briefly who those others may be. Subsection 1 of section 5 reads:

The Bank shall be under the management of a Board of Directors composed of a Governor, a Deputy Governor and seven directors. There may also be an Assistant Deputy Governor.

Section 6 specifies who cannot hold office as Governor or Deputy Governor or Assistant Deputy Governor. For example, we find that Machado, of Cuba, cannot be a Governor, a Deputy Governor or an Assistant Deputy Governor: he is not a British subject, and therefore would not be eligible. Members of either House of Parliament are also disqualified—and that is all to the good. Shareholders of any of the chartered banks are also ineligible for office.

Hon. Mr. MURDOCK.

But it seems to me the Bill is not completely protective of certain rights. I find that subsection 1 of section 18 provides:

No shares of the capital stock of the Bank shall be held by or for the benefit of any chartered bank or any director, officer, clerk or employee of any such bank, and no chartered bank shall have any interest, directly or indirectly or through the medium of any officer, clerk, employee or other persons, in any share of the Bank.

That sounds first-rate. But will any honourable gentleman in this Dominion with a fair knowledge of what has gone on in past years say on his honour that he is satisfied there will not be a possibility of directors of the Bank of Canada coming under the influence—I will not say domination, although that is what I mean—of the chartered banks? I think the Bill is too wide open. It puts all the financial affairs and interests of the Dominion into the care and the safe-keeping of a board of this kind, and leaves it optional or permissible for some of the chartered banks to have the "silent man" on the directorate, in entire disregard of section 18.

The other day, when we passed Bill 18, an Act respecting Banks and Banking, we found in Schedule A an enumeration of ten banks, three of which had an authorized capital of \$50,000,000 apiece, four an authorized capital of \$10,000,000, one an authorized capital of \$15,000,000, one an authorized capital of \$5,000,000, and the tenth, Barclay's Bank, an authorized capital of \$500,000. Do any of us place so much confidence in human nature that we are not ready to assume that some of the seven directors of the Bank of Canada, if not all, will be in a position of friendly responsibility to some of those ten chartered banks? Personally, I think the whole Bill is loaded unfairly in favour of the chartered banks. The highest number of shares any man can hold is fifty. Ten shares qualify him to sit as a member of the Board of Directors. The shares cost \$12.50 apiece. They will be pretty easily purchased. I think it is all to the good that they should be distributed indiscriminately, but it is altogether unfair that there should be any possibility of the seven directors, presumably high-class men, being favourable and sympathetic to a number of the chartered banks of Canada. I think the Bill ought to be amended in order to make it air-tight. The Central Bank of Canada should be one over which the Government would have the entire control, free from all dictation other than the wire-pulling and the suggesting that we all know goes on from day to day under existing conditions. I do not think it is proper that the various sections of