

*Bank Act*

by Labour and Progressive members suggested that they were merely tomfool amendments. Well, what are some of these amendments that have been urged? One was that in view of the near-failure of the Merchants Bank—I think we were told that it was not a failure, that we must call it a “fiasco”—that in view of the fiasco of the Merchants Bank it was well worth studying what were the weaknesses of the banking system that made that fiasco possible, and how those weaknesses could be remedied. Another amendment related to keeping down the exorbitant rates of interest, and that surely is a matter of tremendous importance when some people in the West at least are required to pay nine and ten and even a higher per cent of interest. Another amendment that occurs to me was that a government auditor or inspector be appointed so that the whole of the statements of the banks would be brought under definite supervision. Other amendments related to the question of ensuring that the statements as made by the bank should be accurate statements. We were told that at least with regard to real estate holdings the statements as at present given to the government were not at all accurate. This was asserted by Sir Edmund Walker. Other amendments related to providing for small banks and co-operative banks. As we all know these exist in large numbers and have proven themselves very successful in other countries. Why should we not at least have the opportunity of establishing these banks in this country? We did not plead that the government should immediately proceed to establish the banks but we did ask that provision be made in the Bank Act that if men wanted to start small banks they should have a chance to do so, that if they wanted to establish co-operative banks they should have a chance to do so. There is no such opportunity in the Bank Act as it now stands.

I should like very briefly to summarize my conclusions with regard to some of the facts that were brought before us by the various witnesses who appeared before the Banking and Commerce committee. It was clearly shown that money was to-day the measure of all things and quite properly; that this was so much the case that in many instances money has been confused with capital. I think most of us recognize that capital after all consists of the natural resources and the equipment for working them, and it is only by an extension of the term that it is applied to include credit. To-day the title deeds to the great natural resources and the equipment by which they are worked are

[Mr. Woodsworth.]

in the hands of a comparative few. I submit, though, that ownership itself is an empty thing unless there are some means by which a man can exploit those things which he owns, whether they be mines or water-powers or anything else. Yet under modern industrial conditions it is impossible even for the owner of these natural resources to exploit them without having to go to the banks in order to obtain credit. Money, then, is the key that opens the door to capital. Give me the key and you give me practical ownership. The bankers, I submit, hold to-day the key that admits us to the capital of this country.

Again, we are told that money is the medium of exchange. Since the discontinuance of the system of barter, it is quite necessary that we should have a recognized medium of exchange. But that means that the men who control this medium control the whole of our commercial operations, and this control, under present conditions, is centred in the hands of a comparatively small group. I am not going into an academic discussion to-day as to what money is. I think it was clearly shown by the various witnesses that Walker was right when he said years ago that “money is that money does.” It does not make much difference whether money is coin, or paper, or various kinds of cheques, or victory bonds. Any of these things is really money if it performs the functions of money. So that to-day we find that money has come to occupy a monopolistic position as a medium of exchange. Exchange to-day has passed beyond the earlier stage of barter; it has become an impersonal thing. We need some clearly recognized medium. Money has come to take that place and hence it is all-important that this medium of exchange should be understood, because the men who control the medium of exchange control, as I have said, our commercial life of to-day.

Let me pass to one more conclusion in this connection and that is this. It appears to be true, as the economists have told us for a great many years, that the quantity of money determines its value. We were told by some of the leading bankers that they had never heard of the quantitative theory of money; and yet, when questioned they had to admit that the amount of money in circulation, together with the rapidity of the circulation, had a very decided effect upon the value of money itself. Now under this act you give certain institutions the right to circulate a large amount of money. It is true that their circulation of gold is very limited indeed, it