

leader of the opposition (Mr. Mackenzie King) will find out sooner or later that the principle of this bill is much greater than is to be found in the preamble.

After having stated my view on the private ownership of a central bank, I shall have something to say in regard to the gold standard principle which is accepted by this legislation and the implied absence of a change in our monetary policy sufficient to furnish purchasing power for the consumers. I am at a great loss to know why the government should have gone to such great pains to try to take power away from the hands of the present bankers and then to deliberately put it in the hands of a private corporation to be created by this bill. That is precisely what is being done. The powers that are given to central banks in general and to this one in particular are very great indeed. This bank will have the sole power of issuing all currency and will have a certain prescribed measure of control over the credit of the country. Having control of the issue of currency and having control of the credit, this central bank will have the power to determine the nature and extent of our national industrial system. It will have the power also to influence and probably to determine entirely what shall be our international policy. With the powers which this legislation places in its hands, this central bank will be able to make credit cheap or dear, scarce or abundant; it will have the power to supply credit to industries here and to withhold credit from industries there; it will have the power to cause or prevent industrial expansion at will. Controlling currency and credit as it does, this central bank will determine not only our national but our international policies. In addition, it is to have the right to advise the government and to make the government take that advice. It will have the power to make connections with central banks in other parts of the world and it is anticipated that it will connect with other countries in a great financial network of financial imperialism, the centre of which in all probability will be the bank of international settlements. It is unthinkable that such tremendous powers having such far-reaching effects upon the social, business, political and economic life of this country should be placed in the hands of a private institution.

Let me refer to the functions of this bank as specifically defined in paragraph 206 of the report of the royal commission on banking and currency. This reads:

In the first place, from a national point of view, the central bank, within the limits
[Mr. Irvine.]

imposed by law and by its capacities, should endeavour to regulate credit and currency in the best interests of the economic life of the nation and should so far as possible control and defend the external value of the national monetary unit. In the second place, from the international point of view, the central bank by wise and timely cooperation with similar institutions in other countries, should seek, so far as may lie within the scope of monetary action, to mitigate by its influence fluctuations in the general level of economic activity.

These are laudable objectives for a central bank, but I submit that they are entirely beyond the scope of a privately owned institution. These are prerogatives which belong specifically to government and should under no condition be delegated, even for a moment, to a private institution. Surely no one in this house will question for a moment that the government should control the credit of this country. The royal commission frankly recognized that principle in paragraph 207, which says:

A central bank is at the same time an instrument and a force. As an instrument it is the means by which the state—which must necessarily retain ultimate sovereignty in matters affecting the currency—can give effect to the national policy.

That the power to control the national policy has passed from the state to the banking institution that is proposed, there can be no doubt. I asked the minister this question:

Supposing the central bank was endeavouring to regulate the control of credit in Canada, and supposing the policy it adopted in order to do so was contrary to the policy of the government of the day, and they clashed, which authority would make the decision?

The minister replied:

Unquestionably the authority of the governor and the board of directors of the bank would prevail.

Discussing his answer to my question tonight the minister went on to say that of course his answer presupposes that this parliament is always supreme. Yes; this parliament has been supreme in the same way for the last ten years. But who controlled the financial policy of this country? The chartered banks have controlled it, and the mere talk about the supremacy of parliament does not alter the facts of the matter; for the bankers, not only for the last ten years but for a great many more years, have had full control of the financial policy, the power having been delegated to them by this parliament, and I am not very much interested in the abstract question of the extent to which parliament has yielded its powers. I am not interested in that; I am interested in the fact