and industry which sat in Great Britain in 1931. The following appears on page 240 of the report of that committee:

—we are convinced that the Bank of England ought to be transformed into a public corporation.

My next quotation is from section 280, as follows:

The monetary system of this country must be a managed system—

And again:

—by individuals placed in a position of unchallengeable independence.

The next is from section 316, as follows:

In this case also the vicious circle is now complete.

And again:

The decline of new enterprise has reacted adversely on profits and prices, and the low level of profits and prices stands in the way of new enterprise. It is for this reason that some of us think that in the domestic field it may be necessary to invoke governmental enterprise to break the vicious circle.

And again from section 148:

In the third place, it is not necessary that the volume of note issues should continue to be regulated, as it is now, by reference to the amount of gold held in reserve.

In sections 71 to 74 inclusive the committee states that since the bankers as a whole under banking practice maintain a cash proportion of the profit of roughly ten per cent of the cash held in reserve, the bulk of the bank deposits arise out of the actions of the banks themselves, for by granting loans, allowing overdrafts and purchasing securities, a bank creates a credit in its books which is treated as the equivalent of a deposit of money. My next quotation is from section 47 of the addendum, which is to be found on page 203. It reads:

The theory that governmental expenditure in the promotion of public enterprise and social service is restricted by the accumulated savings available for investment is erroneous. When governments distribute wages by financing public enterprise with national currency and credit, the volume of capital for investment is increased.

My next reference is to section 24, which states that if governments pursue an inflationary policy, i.e., meet expenditures not out of revenue or loans, but by the issue of paper money, or the creation of credit in a national banking system, forces are set in motion increasing profits and wages and additional spending arises.

I shall now proceed very briefly to a consideration of the fundamental principles which may underlie central banking. One could easily quote the principles as given by Kisch and Elkin, by Ireton, by Sprague or any of the other great authorities on central banking. I should like to refer very briefly to what was said by the Prime Minister when speaking in this house on February 22, as reported on page 838 of Hansard. He said:

The central bank cannot accept deposits for interest. It will be the repository of the reserves of the chartered banks. In the very nature of things it will discharge the functions of the financial or fiscal agent of the Dominion of Canada; it will be the note issuing authority of the dominion; it will create and issue legal tender; it will determine the extent to which rediscount shall take place; it will determine the rediscount rate from time to time. If at moments there is the thought that the creation of this institution is intended to destroy the chartered banks of Canada, that is an erroneous view, for the chartered banks will still be the depository of the savings of the people and the central bank is not intended to transact that class of business.

Along with that statement I should like to place upon Hansard some extracts from the report of our own Macmillan commission. These have been referred to already and are to be found on page 4186 of Hansard. The first is:

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

The next is from paragraph 207 of the report, and reads:

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. . . .

The principles which underlie or are supposed to underlie the legislation contained in Bill No. 19 are set out in the preamble of the bill, and these were referred to the other day by my hon. friend from Quebec East (Mr. Lapointe) when he was speaking on one of the amendments moved from this side. May I very briefly recapitulate the essential principles of the preamble of this legislation. I do not believe that there is a single member of this house who will quarrel with the preamble; there may not be in it such extensive provisions as some of us might desire, but as