

of this house can do is to bring in such resolutions as this to indicate at least what we think should be done and what we think the people whom we represent would like to have done, in order to assist the government as much as we can—if the government are thinking about what is the relation of the people to legislation, as I believe they are—to come to their conclusion as to whether in the next ten years our financial institutions should be handed over by statute to the complete domination of private individuals or whether we should make an attempt, an experiment if you like, to administer them through the government or through a body directly responsible to the government, that will be amenable to policies which the government, in the interests of the economic life of the country, may be called upon to lay down from time to time.

The bank charters will be up this year for either extension or curtailment, and I have no doubt it is in anticipation of that very fact that the hon. member for Camrose (Mr. Lucas) brings forward his resolution. Therefore this resolution is timely; it gives us an opportunity to reflect upon the most important feature of the whole business of revising the Bank Act, as to whether or not we shall assume the power now possessed by the bankers or continue to extend it to them.

I should say briefly that our banking system is resting upon a wrong basis, and I say this with all due deference to the wisdom that is supposed to surround those who speak about finance. It is on a wrong basis, because up to the present time it has been based upon gold, and there is simply no conceivable intelligent relationship between the amount of money which may be required by a state in order to distribute the goods in that state to the people who produce them and the amount of gold which may be found now or at any other time on this planet. So to that extent it is entirely absurd to continue that basis. The second reason is that gold has an intrinsic value in itself, while the function of money is to become a medium of exchange. To use a medium which in itself has intrinsic value is practically impossible, for then the medium ceases to be a medium and itself becomes a commodity.

Another weakness in that basis is the one which we have had demonstrated so grievously in Great Britain, Canada and other nations of the world during the past few years; that is, that gold lends itself so easily to manipulation on the part of one nation as against another that it can be drained out of one country, bleeding that country white

[Mr. Irvine.]

and leaving its industrial life prostrate and at the mercy of a nation in competition with it for such markets of the world as may remain. The next weakness of the present banking system is the wrong motive behind it. It is not, or should not be, the motive of a financial system to make money out of money. You can plant potatoes and more potatoes will grow; you can breed hogs and they will produce more hogs, but you can plant bank notes for all eternity and no bank notes will be produced. The private individuals who handle an institution of that sort assume a tremendous responsibility, and to allow them to interject a private motive into the handling of such an institution is courting disaster. Indeed that disaster has already befallen us.

Let me give an example of the impossibility of the present banking system, and instead of banking I should say the financial system because I am not criticizing our banks as banks. I have no doubt they can add up figures as well as anyone else. I have always found that they could estimate credit perhaps too well; I always had difficulty and no doubt properly so. I am not criticizing them in that regard, nor am I criticizing them for what has been brought about. The conditions in Canada to-day must be chargeable to the members of this house during all the sessions that are past, and if we do not take steps to remedy those conditions they will be chargeable to us to-morrow.

As an example of the impossibility of the financial system, let us look at this: Here is the basis and the principle upon which money may be issued, and I think in our textbooks it is so stated—that money is the symbol of wealth. Therefore, if you have wealth you should never lack in the ability to move it or distribute it for lack of the symbol. Since money is the symbol of wealth, somebody should have the authority to make the symbol when it is necessary to move the wealth.

Let us imagine we are going to move a steel rail costing \$100—I do not know just what they cost—for a railway, and let us say that we have to create \$100 before we can move that steel rail. Very well, we do so. We move the steel rail into the Canadian Pacific Railway yards to do service, and we move the \$100 into the bank till. After twenty years that \$100 has become \$200, and the steel rail is worn out. And so on. Wealth perishes, but you can go on pyramiding your finance, augmenting and growing and multiplying itself in a regular geometric progression until it reaches the enormous figures