

words of the Right Hon. Mr. Churchill, as delivered less than two years ago in the British House of Commons, were referred to by the hon. member for Camrose (Mr. Lucas) in his speech delivered on January 31, 1934. I think it is very clear from his statements that England was put back on the gold standard on the advice of the bankers. He and his government had been warned by such outstanding men as the Right Hon. Mr. McKenna, Mr. John Maynard Keynes and many others that if they did so unemployment would be increased in Great Britain and it would be impossible for that country to balance its budget. In spite of everything they followed the advice of the bankers and returned to gold. I think the last sentence of the speech of Mr. Churchill already referred to is worth repeating. It is:

I say quite seriously that this monetary convulsion has now reached a pitch where I am persuaded that the producers of new wealth will not tolerate indefinitely so hideous an oppression.

So far as we can gather, the results which followed were brought about by the government following the advice of the Bank of England. The policy of the Bank of England has been the policy of the British government. The deputy governor of the Bank of England is reported as having testified before a committee in England last year that the difference between the treasury and the Bank of England was the difference between tweedledee and tweedledum. I think it is also fair to say that the policy of Sir Montagu Norman is the policy of the Bank of England. This control by Sir Montagu Norman is now referred to in England by a great many people as the second Norman conquest. Are we to have a Norman conquest of Canada? Sir Montagu Norman is quoted in Hansard of February 9, 1932, as follows:

Unless drastic measures are taken to save it, the capitalist system throughout the civilized world will be wrecked within a year. I should like this prediction to be filed for future reference.

Since that time he has been reported as saying that he was not at all sure that he could see daylight ahead. However, England seemed to be following his policy. But there are lessons to be learned from the experience of England. We find such a good Tory as Lord Beaverbrook stating in his paper the *Daily Express* in April, 1932:

The time is long overdue for a reversal—and a dramatic reversal of the monetary policy of Great Britain.

The national need is for a steady expansion of credit facilities. The Bank of England is the obstacle in the way of that need, and

[Mr. Cooté.]

because of its vested power it has imposed upon the government for ten years a policy of deflation.

In other words, the Bank of England, which owes no responsibility to the electorate, dictates the government's financial policy.

The system is definitely wrong. It has played an enormous part in bringing about the post-war economic distress, and the men who conducted the bank's affairs then are still in charge.

It is no use tinkering with the question of reform. The present situation should be brought to an end.

The government must be master in its own house; the government must dictate the nation's monetary policy; and the Bank of England must be relegated to its rightful place as the servant of the nation.

Are we taking advantage of the advice contained in that editorial by Lord Beaverbrook. About the same time, in another issue of his paper, after pointing out that he is a banker of practical experience, he says:

We must abandon the policy of the Bank of England, which has been frankly directed to lowering the standard of life in this country.

And again:

It should be our policy to make money both plentiful and cheaper. It may be fairly cheap at the moment. I do not deny that. It is certainly not plentiful. Until we have made it plentiful we will not be able to maintain the standard of wages here. How can it be made plentiful?

Here is his suggestion:

Send the Bank of England about its business! Let it continue to perform the functions of a joint stock bank.

Establish a central bank, owned by the nation, equipped with all the powers necessary to provide abundant credit and hedged about by all the restrictions required to safeguard the permanence and stability of the structure.

That is the solution.

Give us the right to establish reasonable credit and sufficient banking facilities for the people, and you will get the present wage-level, stability of commodity prices and prosperity for our people.

I suggest that the first step towards providing prosperity for the people of Canada would be to make the Bank of Canada a servant of the nation. It should be publicly owned and controlled and be hedged about by all the restrictions suggested by Lord Beaverbrook in his editorial.

I think we could well take to heart the experience of the United States in connection with its federal reserve banks. This experience should help us in deciding for a publicly owned and controlled Bank of Canada. There has recently been introduced in the United States congress a bill to establish a central bank in that country. The control over this bank would be exercised by a board of seven