

(b) buy and sell in the open market any or all of the securities set forth in paragraphs (a) to (e), both inclusive, of section five of this act, and may make all advances of dominion notes necessary for this purpose.

I may say that my bill was ruled out of order on the ground that it involved the expenditure of public money. Thus once again we were thwarted in our efforts to secure some improvement of the situation.

I concur with my hon. friend from Macleod in the idea that we should have some way of maintaining the stability of our exchanges. I hope that it may be possible to do this under the proposed bank, but I am very doubtful whether the bank as organized is likely to be in a position to act effectively.

There is only one other point in this connection that I should like to mention and that is in regard to government financing. For years some of us have thought that the government, if for no other reason, should have a central bank, in order to finance without having to resort to private institutions which always took a very heavy toll.

I regret indeed that the proposed legislation proposes to set up the bank as a privately-owned institution. The Minister of Finance has suggested that he is willing to consider seriously any amendments which may be brought forward by the committee on banking and commerce. I do hope that he will listen to amendments which would change the set-up of the bank and allow it to be a publicly-owned institution. I am quite confident that nothing less will satisfy the Canadian people, and that nothing short of that will enable the bank to function as it should.

I should like also to object to the control as proposed. It is all very well to have the government make the initial appointments, but after that it would seem that the management is to be self-perpetuating, with a certain safeguard, perhaps, that they have to be acceptable to the government. It does seem to me that there should be a closer connection between the proposed bank and the government, and, I do not hesitate to say, a greater control by the government than may be possible under the proposed arrangement.

As I listened to the Minister of Finance it occurred to me that his statement with regard to the fear of political influence was one of the worst indictments of our democratic institutions that could possibly be put forward. Government is so corrupt to-day that we must forsooth set up another body, outside of government, that will not be influenced by government. If that is the case we might as well throw up our hands. Surely the people ought to be sovereign; surely in the long run the

[Mr. Woodsworth.]

people must be depended upon to control the situation. As it is, we set up a body that is virtually independent and will be composed of people who undoubtedly have their own interests at heart. The further arrangement regarding shareholders means that it is the wealthy people who will still be in charge. In this legislation we are doing nothing to take the control from the hands of the financial interests and put it under the power of this parliament.

I note too the minister tells us that the privileges of the chartered banks, under the new arrangements, will be similar to those now enjoyed under the Finance Act. There again, it seems to me, we are perpetuating a system that is inherently evil. I think it was my hon. friend from Battle River (Mr. Spencer) who two years ago introduced an amendment under which the municipalities and the provinces would have the same rights under the Finance Act that the banks now have.

Mr. SPENCER: The provinces only.

Mr. WOODSWORTH: I stand corrected. I myself would have gone further and said that not only the provinces but the municipalities as well should have those rights. That amendment was rejected by the government. Apparently there is no provision in the proposed legislation to cover that point. Under the Finance Act, as it has existed in the past, loans may be made on certain securities, in practice at 3 per cent, and the provinces and municipalities may then be charged say 6 per cent. The assessment of values of securities is left in the hands of the trustees of the gold reserve, three banks. If these privileges are to be continued I submit that there is little hope that under the proposed arrangements there will be any great improvement.

I shall suspend further criticism until the details of the legislation are brought down, but I would suggest again that the government would be well advised if it permitted certain amendments which would give to the people of the country greater and more direct control in the management of the new institution, and would make it essentially a publicly-owned utility.

Right Hon. R. B. BENNETT (Prime Minister): I would make one observation only, consequent upon the remarks of the leader of the opposition (Mr. Mackenzie King). There is no great interest as to who at a particular time suggested that there should be a central bank, but I think it might be well to remember that when the Genoa conference was held in 1922 a recommendation for a central bank was passed and this country