

The WITNESS: There is one thing that you are not correct in. I think you made a statement something like this, that we would be satisfied with certain changes that have been made. There is one fundamental, the main fundamental of the same thing. I am sorry I have not read Mr. Ilsley's address, but regardless of what Mr. Ilsley says—and he is a much younger man than I am, or at least I think he is—he and I will never agree on this particular fundamental as long as he lives, and I think he may live longer than I will. I believe that the bank should be administered and the policy of the banks should be administered directly through the dominion government.

Mr. RYAN: You are in favour of nationalization?

The WITNESS: Unless Mr. Ilsley has changed in the last little while I do not think he is going to agree to that. At least, Mr. Ilsley, I can disagree with you on that point, but I hope we can be pretty good friends.

Mr. BLACKMORE: Certain questions were asked, and I think the witness should be given an opportunity to answer those questions. There were about four questions involved.

The CHAIRMAN: Mr. Ryan, are you satisfied with the answers?

Mr. RYAN: I am satisfied that this gentleman or his organization is not in favour of the present system. That is what I understand. Now, we cannot get away from it that if he is not in favour of the present system he is in favour of the chartered banks of this country being controlled in every way by the Bank of Canada. That is what I want to make clear on the record. The members of the house are on record by resolution that we are against the nationalization of the banks and that we are in favour of the present system of commercial banks. There are changes being made in the Bank Act, bill No. 91, which will make credit easier and cheaper. If you are not in favour of that system, you are in favour of the next system, which is that the government take over these commercial banks, and that falls into nationalization of the banking system.

Mr. BLACKMORE: But the meaning of the present system is not made clear in the hon. gentleman's question.

The WITNESS: There are one or two questions I would like to refer to. I do not want to leave the impression that we believe that you should just have free credit. You know what I mean, that it be floated about as freely as everybody would like to utilize it. I believe it ought to be sensibly and intelligently administered. I do not agree with men who say you can administer credit at the rate of one-half of one per cent. I do not think that can be done. I think there is a level at which you can operate and administer credit, because of the cost of administration. I think there is a certain amount of headway coming up. I remember appearing before the McMillan commission prior to the inauguration of the Central Bank of Canada, and at that time I said it almost looked like locking the door after the horse was stolen; but I am satisfied that the Bank of Canada has been a very very useful instrument. Keep in mind what I think of bank policy, not of the banking system, because there are certain parts of the banking system as a system—the service end of it, the country end of it that are all right in so far as the people administering that service in the local banks are concerned. They are decent people and they are good people and are willing to give you service, but they are controlled by the policy; and we are not satisfied with the general policy and have not been.

I have mentioned a number of the reasons. In regard to what has taken place with the Bank of Canada medium that has been used since the beginning of this war, I almost fear to think just what would have been the position of the Dominion of Canada to-day, in 1944, if we had not had the Bank of Canada.