

happens to coincide with the policy of the financiers. I think we should be clear on this point, that the issue confronting us to-day is whether the government or a privately owned institution is to be in control of the economic activities of the nation and economic conditions in Canada.

Quoting again from the report itself, "The powers exercised by a central bank are very great." I think it is a matter of supreme importance that the bank shall be established in such a way as to ensure that its powers will at all times be exercised in the best interests of the people of Canada. The great power of a central bank is due to the fact that it is given sole control of currency, and it is also given control of the volume of credit outstanding at any time. Through the control of credit it can control price levels and general economic conditions. Many people fail to realize the extent to which economic conditions are affected by the policy of our banks. To those who have never given the subject much thought the following sentence from a speech delivered by the Right Hon. Reginald McKenna, at a recent meeting of the shareholders of the Midland Bank, London, should be of very great interest:

Nothing in monetary practice is more certain than that contraction of the volume of money, or even failure to secure an adequate increase, tends both directly and indirectly to put a brake upon business of every kind, and to produce the very troubles—unemployment, unremunerative commodity prices, unbalanced budgets and general depression—which have been apparent in almost every country of the world in the past four years. With expanding population and production we need some expansion in the supply of money, or it will inevitably follow that consumption will not keep pace with production. There may in any circumstances be temporary maladjustment between production and consumption of individual commodities; but if the supply of money is adequate the price level of all commodities taken together will be kept approximately stable, and general consumption will be maintained.

I want to draw the attention of members of the house to this last sentence. Mr. McKenna says:

It follows then, that the policy of the Bank of England is of the utmost concern to everyone, for no one escapes the effects of general depression and not one of us fails to benefit from sustained prosperity.

If the policy of the Bank of England is of the utmost concern to everyone in England, and Mr. McKenna is in a good position to know, it follows just as sure as night follows day that the policy of the Bank of Canada will be of the utmost concern to everyone in

Canada. That being so, it surely follows that the Bank of Canada should be owned by the state and controlled by a body of men responsible to the representatives of the people and subject to our criticism instead of responsible to the shareholders of a privately owned bank. Let us not underestimate the power of privately owned banks. I should like to quote the Right Hon. Ramsay MacDonald, now Prime Minister of England, as follows:

Finance can command the sluices of every stream that runs to turn the wheels of industry, and can put fetters upon the feet of every government that is in existence.

I should like to quote from another authority, a former king of a European country. He was reported last year in a Toronto paper as follows:

"You think," he said, "that the Bank of England is a national institution. The French think the Bank of France is a national institution. The Germans think the Reichsbank is a national institution. And the truth? The truth is, they are all controlled to some extent by a group of international financiers whose one interest in life is power. The power to rule the world. I tell you they rule the world."

I think this former king knew what he was talking about and, therefore, we should be careful in setting up a Bank of Canada to see that it is owned by the nation itself. I think it is fair to say that the international bankers were very successful in controlling the world up to 1931 by means of the gold standard. But that standard has broken down and they now hope to control the world through a system of central banks. There is a growing conviction in the minds of many Canadians that the setting up of a privately owned central bank would be a step to bring Canada under the sphere of influence of the Bank of England, in other words, under the domination of the Bank of England in so far as monetary policy is concerned. This would be Canada's contribution toward setting up an imperial money power of which the Bank of England, because of its long experience and influential position, would be the dominant influence. I view with alarm such a situation and I think we should be warned by the experience of Great Britain and British governments with the Bank of England. Their policy has not been one of close cooperation with governments to raise the standard of life of the British people. They may cooperate but they seem to do so to carry out the policy laid down by the Bank of England. The