

scription of capital and independent management under strict government supervision. I want to say to this House of Commons, with all the solemnity I possess and in all sincerity, that I am just as strong in my convictions in favour of the provisions contained in this bill as is my hon. friend from Macleod with respect to his attitude to the contrary. Let me say to my hon. friend that while he has placed himself in an anomalous position I know he has been actuated by the best of motives. I am prepared at once to accord to him sincerity of purpose, and to believe that he has had in mind only the rendering of the best service to the people of Canada. All I ask is that he shall accord to me that same sincerity of purpose in presenting my views.

I wish briefly, and not as fully as I might, to discuss the question of procedure. Many people unthinkingly are jumping to the conclusion that the question is one of judging between the merits of public ownership and unbridled private ownership. Only this morning I picked up a newspaper published in Ottawa which said the following:

In the proposal before parliament this session to set up a central bank of Canada, sovereignty over the monetary system is to be transferred almost entirely to private interests.

Mr. Speaker, this is an absolute misstatement; it is not the proposal at all. The proposal is that the capital which shall be supplied for this bank will come from private sources, but it by no means follows that there will be unbridled private control. It would be equally fair if this same newspaper had said that the board of railway commissioners were exercising private control over our railway rates in Canada, because parliament in its wisdom had seen fit to delegate to that body certain authority which parliament theretofore had possessed. It would be equally true to say that we had handed over to the tariff board, a body of private persons, certain powers by parliament. It would be equally true to say that we had handed over to irresponsible private persons the important functions and duties now performed by the civil service commission. It would be as true to say all these things as to say, as this newspaper has said, that we are going to hand over to private interests the sovereignty of our monetary system. Under the measure now under consideration it is proposed to clothe the management of the bank of Canada with certain authority, to provide that they shall have certain independence of action, certain independent scope within which to conduct their operations, but we have placed a very

[Mr. Rhodes.]

strict series of controls over the management and control of that bank. May I say here and now that, so long as they will not cripple the operations of the bank, the government will be only too happy to give favourable consideration to further suggestions of a salutary and desirable character.

The hon. member for Macleod (Mr. Coote) at the outset of his remarks quoted, if I mistake not—because owing to interruptions in the chamber I could not hear everything he said—quoted from Right Hon. Reginald McKenna. It so happens that only a few days ago the monthly review of the Midland bank for the months of January and February came to hand. In this publication there is a front page article by Right Hon. Reginald McKenna from which I propose to quote two paragraphs. He states:

In several previous addresses I have spoken on monetary policy, a subject which has necessarily involved discussion of the functions of the Bank of England. I have done so because the matter is of immediate concern to the shareholders of a clearing bank; our daily operations are directly influenced by the policy of the central bank, and the whole trade of the country is deeply affected by it. Happily, the Bank of England has acquired an unrivalled reputation for complete disinterestedness. It is actuated, not by motives of profit, but, within the limits of its independence,—

And I emphasize the word "Independence"—by its view of what is best in the public interest, and its action has therefore to be judged solely by the test of economic need.

Then, on the following page:

Within definable limits its action is prompted by its own independent judgment; that is to say, the Bank of England on its own responsibility acts from day to day as it thinks proper. But such freedom in a matter vitally affecting the whole community should obviously be subject to limitations set by higher authority, and for the reasons I have given it becomes of great importance to the business community no less than to the joint stock banks to know whether such limitations exist and, if so, what they are.

My hon. friend from Macleod referred to the fact that there are some thirty-six central banks in the world, and of these only six are publicly owned and controlled. My right hon. friend the Prime Minister (Mr. Bennett) referred to this fact on a previous occasion, but I think it is well that we should bear in mind the particular countries and their experiences and then make deductions therefrom.

It is true that the only British country in which there is a central bank publicly owned is Australia. That bank was established by a labour government, not for the purposes of a central bank at all, but as a commercial bank in the ordinary sense in competition