I do not know that I can better emphasize what I have been saying about the situation in England than to refer to a record which Mr. Gladstone has left of the position that he encountered when as Chancellor of the Exchequer he began to try to introduce certain financial reforms. It throws a good deal of light on the significance of what by this measure is being done by the present administration in Canada. In the Life of Gladstone by John Morley, volume I, at page 519, Lord Morley refers to "the controversies on currency that thrive so lustily in the atmosphere of the Bank Charter Act." He deals with Mr. Gladstone's effort "to readjust the banking relations, properly so called, between the bank and the state." It was in connection with Mr. Gladstone's effort to readjust those relations that Mr. Gladstone himself drew up a memorandum which is referred to as an "undated fragment" and which Lord Morley has included in the appendix of volume I under the heading of "Mr. Gladstone and the bank." I read this passage to hon. members and ask them to consider it very carefully. This is Mr. Gladstone speaking:

> From the time I took office as Chancellor of the Exchequer I began to learn that the state held in the face of the bank and the city an essentially false position as to finance. When those relations began, the state was justly in ill order as a fraudulent bankrupt who was ready on occasion to add force to fraud. After the revolution it adopted better methods though often for unwise purposes, and in order to induce monied men to be lenders it came forward under the countenance of the bank as its sponsor. Hence a position of subserviency which, as the idea of public faith grew up and gradually attained to solidity, it became the interest of the bank and the city to prolong. This was done by amicable and accommodating measures towards the government, whose position was thus cushioned and made easy in order that it might be willing to give it a continued acquiescence. The hinge of the whole situation was this: The government itself was not to be a substantive power in matters of finance, but was to leave the money power supreme and unquestioned. In the conditions of that situation I was reluctant to acquiesce, and I began to fight against it by financial self-assertion from the first, though it was only by the establishment by the post office savings banks and their great progressive development that the finance minister has been provided with an instrument sufficiently powerful to make him independent of the bank and the city power when he has occasion for sums in seven figures. I was tenaciously opposed by the governor and deputy governor of the bank, who had seats in parliament, and I had the city for an antagonist on almost every occasion.

I ask the house to listen to what Mr. Gladstone referred to as "the hinge of the whole situation." It is not less the hinge of the whole situation in Canada to-day as it will be with respect to the Bank of Canada after this act is passed, than it was in Great Britain as respects the Bank of England in Mr. Gladstone's day as regards the relations of the government and of the bank, or to express the same thing in its rightful proportions the relations of parliament and the money power:

> —the government itself was not to be a substantive power in matters of finance but was to leave the money power supreme and unquestioned.

That is exactly what the government proposes to see is done by this bill in its present form. In matters of finance it makes the bank supreme; it makes the bank the body that will determine the monetary policy of the country, that will have the power to enforce that policy and to resist any monetary policy that may run counter to it. This privately owned and privately controlled institution is to be permitted to do that. The government itself is not to be a substantive power. That is a pretty serious situation, Mr. Speaker. As I see it what we are doing in following the government amounts pretty much to this: We are handing over to an institution that is our own creation supreme power in the matter of financial policy, in the matter of the control of social credit and in the issue of currency. We are parting with all these things to this institution, allowing it to go its way and we leave ourselves as the representatives of the people, in a position where, once the bank is instituted, and free to pursue its own course, we no longer will have any real control over it.

Hon. members of this house have witnessed, no doubt frequently, one of our great ocean liners about to leave port. First it takes on board the passengers and cargo; the crew are already aboard, then come the officers and the captain. Finally, the gangway is pulled up; the fastenings are loosened, and little by little the vessel moves away from the shore. Once out into the harbour it may lie at anchor for a short time. Then it draws up anchor and proceeds to sea, absolutely free from any relationship with the port it has just left or with those who have been responsible for giving it the powers, the passengers and the cargo it possesses. As I see it that is exactly what we are doing with this Bank of Canada. We are creating a bank that is to control the credit, to issue the currency and to hold the gold reserves of the country. In this new banking venture, we are loading the new vessel