

ful and sane. At this time it is neither necessary nor wise perhaps to pass too great strictures on the banks in view of the fact that in a short time the Bank Act will be under revision. But I do want to point out that the feeling which so many have against the banking system of the country today is by no means new. Gladstone said some years ago:

From the time I took office as chancellor I began to learn that the state held, in the face of the bank and the city, an essentially false position as to finance. . . . The hinge of the whole situation was this: the government itself was not to be a substantial 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. 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.

In 1916 President Wilson made the following statement with regard to the United States:

A great industrial nation is controlled by its system of credit,—our system of credit is concentrated. The growth of the nation, therefore, and all our activities are in the hands of a few men who chill and check and destroy genuine economic freedom.

I do not say that these conditions obtain in Canada but I do say that it would be well for the committee to be appointed to consider the revision of the Bank Act to investigate this possibility, which is in the minds of many men throughout this country, that the real government of the country is in the hands of the financial interests.

I should like to read from the Royal bank monthly letter of February, 1932, as follows:

The present depression is usually explained in terms of extravagance, overproduction, excessive tariff barriers, et cetera. In varying degrees these, as well as other contributing factors, produced situations which were essentially unsound; but, speaking generally, the controlling influence has been the mismanagement of money and credit. The average price level is determined by the relation of goods and services rendered to the volume of the money supply, and the disastrous fall in the general price level would not have occurred had the supply of money been properly regulated.

I assume that this matter will be taken up by the committee to be appointed to consider the Bank Act. If not, I suggest to the government that it should be.

It is said that overproduction is the cause of our present condition, but such cannot be the case in the light of all the suffering through lack of necessities which there is at the present time. There are hundreds of thousands of farmers who need almost a complete new line of machinery; there are millions of farmers,

labourers and others who need new clothing, new boots, new homes and other necessities and in the face of these needs it cannot be said that there is overproduction.

Others say that it is the paralyzing load of debt, federal, provincial, municipal and personal, which is the cause of our trouble. But what do we find? Creditors seem to be just as badly off as the debtors. There does not seem to be any possibility of payment of these debts at the present time. I quote again from one of Doctor Marvin's speeches as follows:

As prices have continued to fall, the burden of these debts, as well as that of other long-term debts such as bonds and mortgages, has been increased by 50 to 75 per cent. It is coming to be recognized that there must be a major rise in prices or there will be heavy cancellations of a substantial proportion of such obligations. One thing or another is inevitable; prices must rise or there will be a wholesale cancellation or repudiation of such debts. For the same reason a continuation of the present price level will bring on wholesale bankruptcies.

I am quite aware that this house will not delve into the question of provincial, municipal and personal debts; these are matters for the provinces to consider. But surely the federal authorities should consider the conversion of our present federal bonded indebtedness along somewhat the same lines as those adopted recently by England. It is admitted that there must be a scaling down of debts or a substantial increase in commodity prices.

The next factors to be considered are fear and international mistrust. The world is faced with the problems of large armies, increased air forces and heavier armaments of all kinds. Canada may not be a great offender in this respect but I believe that she could wisely reduce her standing forces, small as they are. She could show to the world a splendid example in this respect.

Fear is a great factor in blocking progress. It prevents those of us who are older from embracing new ideas, we are unwilling to progress. I venture to say that it would be a good thing for this House of Commons to have in it some young, adventurous blood. We should have men here who would not be afraid to try out those things which have not yet been tried out in this country of ours.

Had time permitted I should have liked to refer to the tariff, as that, in my opinion, is the greatest of all causes of the present depression. My hon. leader (Mr. Mackenzie King) very ably referred yesterday to this matter, but there are a few figures which I had prepared and which I should have liked to give to the house. However, I have enumer-