

necessary. Were support of the second reading of the bill as it stands to be construed or capable of being construed as committing those who support the second reading to private ownership or private control as against public ownership or public control of a central bank, we would not be prepared to allow the bill to go to committee without prolonged discussion at this stage, or without immediately presenting or supporting one or more amendments.

It is perhaps as well that I should make perfectly clear at once what the matters are to which we believe the committee will have to give very special attention, and mention of which will the better serve to make our position known.

A central bank, as we view it, differs from other banks in that its function is primarily regulatory and controlling—and not commercial in the sense of being intended primarily for private profit or gain. In other words, the functions of a central bank in the world of banking and finance, as we view it, is that of subordinating the special to the general interest or, to express the matter more concretely, that of subordinating the private interest in banking and credit to the public interest. In no sense should the bank be, or be permitted to become, a banker's bank. It is and ought to be a government bank, the government being representative of the interests of the country as a whole. Its main purpose is and should be to protect the public interest in banking and credit.

We believe the provisions of the present bill, as drafted, do not go far enough to secure these ends, and that, as the bill now stands, there is a possibility of private interests exercising the control which, under a measure of the kind, should be secured to the state. How the regulatory powers necessary to effect such control in the public interest, as contrasted with private interests, may best be effected, is something to which the committee will have to give special attention and to ensure which we feel will necessitate change in some of the provisions of the bill as they now stand.

There is one other matter on which we of the official opposition are also agreed. It is that the provisions of the bill should be such as to ensure that the Central Bank of Canada will in no way be in danger of becoming subordinated in the discharge of any of its functions to the banking institutions either of Great Britain or of the United States or of any other country. We believe that the personnel of its board of directors, including the

governor, deputy governor and assistant deputy governor should not only be British subjects, but persons ordinarily resident in Canada. With Canada's experience and reputation and position in the banking world what it is, we are confident there can be secured for a Canadian central bank an efficient and highly qualified personnel wholly Canadian.

I hope the government will realize that in taking this attitude we are trying to expedite the consideration of this measure in the one sphere in which it can be most carefully studied in detail, and seeking to avoid the development of difficulties until that is absolutely inevitable. We do this in a desire to further what we feel is an all-important public measure, and in order to afford as great a measure of cooperation as adherence to our views as to what should be the governing principles will permit.

Mr. G. G. COOTE (MacLeod): Mr. Speaker, I regret that I did not, like the minister and the leader of the opposition, reduce my remarks to writing. Had I known I was privileged to do so perhaps I could have made a better job of presenting our views to the house. However, I hope hon. members will bear with me while I present those views in the best way I can.

The occasion of the second reading of any bill, we are told, is the time at which the principle of the bill should be passed upon by the house. The proposed bank is to perform a function of government. It is to be given the power to issue legal tender for Canada, a function which since confederation has been performed by the state itself. Since ancient times the issue of money was the prerogative of the crown and zealously guarded as such. It is the most important thing in our whole economic system. The issue of all money is to be turned over to this bank, and it should be noted that this bank is to be given a perpetual charter. To me the principle to be decided in connection with this bill is whether the institution which is to be given this very great power shall be established under private ownership or public ownership. In other words, is it to be another private bank, or is it to be owned by the people of Canada and operated by a body of men representing the various economic activities of the Canadian people and responsible to parliament? In reality is it to be an arm of the government?

The leader of the opposition (Mr. MacKenzie King) I think stated that it was in the public interest that this should be a government bank or words to that effect. I believe that that is a correct statement of the