

thing over 400 odd banks doing business the figure has been reduced to about 40, with the big five doing the bulk of the banking business in England. In Canada your banks have been reduced from between 50 and 60, I believe, to nine. Now, 9 banks are functioning in Canada with the big three doing the bulk of the business. Well, you could not have ten thousand bank failures in the Great Britain and the Dominion of Canada, or the British Empire because there are not that many banks; but give to the United States about three more depressions and they will have their banks reduced down to the number that can operate successfully from the bankers point of view, and then the public will have confidence in them and not be so foolish as to ask the banks for money which the banks do not carry. If all our depositors had gone to the Canadian banks and did what depositors did in the United States—ask the banks to give their money up—we would have bankrupt all the banks in Canada. It was not that the banks were sounder, but it was because the Canadian people knew that if they called upon the banks for their money the government would step in and issue the money if it was necessary, because we know that, under our Finance Act, in a time of crisis a bank can go to the government and ask the government to monetize the bank's securities by turning over legal tender cash. But when we examine the banking situation in Canada from the point of view of the solvency of the nation, we find a different story. The bankers of the United States did not allow their people and their governments to go borrowing credits abroad. They lent credits abroad. We are bankrupt internally and internationally as well, and when it comes to the proportion of unemployment, to the proportion of loss of bank deposits, to the proportion of loss of homes, farms and loss of business, and so forth, our banking system in Canada has not served us one whit better than has the banking system of the United States served the people of that nation. Our government has had to come to the rescue of our banks and everyone else in international exchange. It has had to help out every province and every municipality. And even the powerful C.P.R., an exceptionally well managed and carefully developed company, possessed of enormous resources, did not have any credit with our banking system without a guarantee from the government. The banking system here is taking a lot more credit than it is entitled to take because of the exceptional patience and co-operative spirit of the Canadian people.

Then Mr. Hoover says:—

I recommend to the congress the same reform of our banking laws.

Senator Bronson Cutting, of New Mexico, comes forward in March of this year with a public statement to this effect:—

Private banking is doomed in this country by the New Deal. Control of credit is a government power that does not belong in private hands.

Unless the administration presents a bill depriving bankers of this power, I myself shall introduce such a measure. Private control of credit must be abolished.

Senator Cutting was a supporter of President Hoover in 1928, and in 1932 he supported Roosevelt. The article containing this statement appeared in *Liberty* under date of March 31, 1934. It is a splendid expression of an enlightened public man's attitude to the modern monetary system. In a hundred other places men are coming to recognize what, I think, is the basic problem, namely, the financing of consumption, as presented to the American Academy of Science by Carl Snyder, in 1929. Snyder, as statistician of the Federal Reserve Bank of New York, is a man who speaks with an unquestioned authority on the subject. At that time he pointed out:—

In other words, it seems clear that the production of foodstuffs in the last three years has not been excessive or at an extremely high rate. And for the rest, the idea of the "overproduction" of foodstuffs, when

[Mr. G. G. McGeer]