Mr. NOSEWORTHY: That could be practically offset by dividends and hidden reserves.

Mr. BLACKMORE: Yes. I notice that the chairman appears to be restless.

The CHAIRMAN: I have already promised the floor to another member of the committee and you have had one hour and twenty minutes now.

Mr. BLACKMORE: I shall have to go on later. There are a lot of things I want to ask Mr. Bickerton.

By Mr. Blackmore:

Q. Now, the interest rate could be brought down by a government subsidy. That is, if the interest rate of the private bank happened to be 3½ per cent and it was the policy of the government to have the interest rate to the farmers at 3, the difference could be made up by a grant from the government, could it not, without having the banks government-owned?—A. Do you think it is a good thing to maintain an economy by grants?

Q. It is not a question of whether it is good or not; it is a question of whether it is a way out?—A. At times you cannot help yourself.

Q. If a government-owned bank would be lending money at a loss—if there were danger of its losing money through poor loans and that kind of thing—well it might pay the government just as well to spend that money it would otherwise have lost, in subsidizing the privately owned banks so they could carry on as well as a government-owned bank could do.

Mr. McGEER: May I ask one question of Mr. Bickerton? You laid out the seven reasons that were covered by Mr. Blackmore, and you are no doubt conversant with the McMillan report, that is the English report?

The WITNESS: Yes, fairly conversant.

By Mr. McGeer:

Q. I will quote from the English report at page 118, section 280, part 4, dealing with domestic currency management. It says:—

> The monetary system of this country must be a managed system. It is not advisable, or indeed practicable, to regard our monetary system as an automatic system, grinding out the right result by the operation of natural forces aided by a few maxims of general application and some well worn rules of thumb. The major objectives of a sound monetary policy—for example, the maintenance of the parity of the foreign exchanges without unnecessary disturbance to domestic business, the avoidance of the credit cycle, and the stability of the price level—cannot be attained except by the constant exercise of knowledge, judgment and authority, by individuals placed in a position of unchallengeable independence with great resources and every technical device at their disposition.

You would subscribe to that as a sound principle to underlie the management of the monetary system, would you?—A. Yes, in an unchallengeable state.

Q. The important words to me at least are that men in charge of a nation's bank should be in a position of unchallengeable independence. That is, they should have no private interests which would conflict with their public interest? —A. That is right.

Mr. KINLEY: I think it is political.

Mr. McGEER: Yes, or political. The words are "unchallengeable independence"; it is all-inclusive.

Mr. KINLEY: Political interest is challengeable.

Mr. McGEER: If political influence comes in; but we do not have any political influence in our courts with our judges or with the administration