

(f) buy and sell securities issued by the United Kingdom or the United States of America, having a maturity exceeding six months from the date of acquisition by the bank, but the bank shall at no time hold such securities in excess of one-half of the amount of the paid up capital of the bank;

What are we doing? I submit that at the very outset in the creation of this central bank we are tying the hands of the board of directors by limiting the securities in which they can deal. I have only to point out that in short term securities they are limited to those of the United Kingdom, the dominions, the United States and France and that in the long term securities they are limited to the United Kingdom and the United States, cutting out the long term securities even of our own sister dominions. Are we to stop there? Are we to tie the hands of the board and say that they shall not encourage trade with whatever country it may be good business to trade with? Where are we to look for our increased markets? First I suggest that we should look to those countries which are becoming increasingly good customers. I find that Japan is running a close second to France in that regard. France buys from us \$17,000,000 worth of goods, Japan buys \$16,000,000 worth and Belgium buys \$14,000,000 worth, in round figures. On the other hand our imports from France amount to \$13,000,000, from Japan to \$6,000,000 and from Belgium to \$5,000,000. So I think we should encourage trade with these latter two countries.

Then, Mr. Speaker, what about developing trade with the South American countries? When England sought new markets where did she turn? She turned to the Argentine and financed industry and agriculture there, and as a result England has developed a trade with that country of which Canada is rightfully jealous. Let us look at our trade with two countries in South America, Colombia and Peru. Our imports from the small country of Colombia total about \$5,000,000; she stands tenth in the list of countries from which we import, but she stands thirty-eighth in the list of countries to which we export. Should we encourage trade with Colombia? This bill does not do so. Peru stands seventeenth in the list of countries from which we import and thirty-fifth in the list of countries to which we export. Should we encourage trade with Peru? In my opinion, in tying the hands of the board we will not encourage such trade. These countries have become world minded; we have large investments of capital in them. Someone may say it is private capital, but after all the investment of private capital is made possible through the shares held by Canadians. So I think

[Mr. Gray.]

we should continue the friendly relations we have established with these two countries by virtue of our investments and if possible increase our exports to them. It may be said that financial conditions make this impossible at the present time, but my reply is that by this bill we are building for to-day and forgetting to-morrow. We are tying the hands of the board, as I have said, and I wish to emphasize as strongly as I can that the past is gone; the present is here. Let us build for the future on the facts of to-day and the hopes of to-morrow. If the bank that we have set up and constituted is to play its part in the economic life of the nation; if internally we are to have relief from the unemployment burden which bears so heavily upon us, then I say that this bank should be in a position to treat with, to work out arrangements with and to encourage trade with whatever country it considers it good business for the nation to deal with.

If, on the one hand, we have been restricting too greatly, on the other hand in my opinion we have under this same section of the bill been too liberal. Under clause (j) of section 20 we are to continue the policy of governmental paternalism to the provinces. Clause (j) is as follows:

Make loans or advances to the Dominion government or the government of any province on the pledge or hypothecation of readily marketable securities issued or guaranteed by the Dominion of Canada or any province.

Let me call your attention, Mr. Speaker, to the expression "readily marketable security." If those securities are to be readily marketable, then let the provinces carry out the power that was vested in them by the founders of this confederation through the terms of the British North America Act, of which every province is so proud when we meet in inter-provincial conferences, and which they always place before any federal government as a stumbling block to any remedial legislation which may be suggested by it. Let them carry out that power which was vested in them under section 92 of the British North America Act, namely that of borrowing money on the sole credit of the province. If securities are readily marketable what is the need of a central bank in connection with any of the securities they may have? They do not need a central bank; as is their power, they may go on the market. In spite of what the minister has said this afternoon, cannot hon. members imagine what pressure will be brought to bear both directly and indirectly in the purchase of those securities? Does anybody doubt that if this measure as at present constituted becomes law the central bank will