

bank. If that be not sufficient, then through open market operations the central bank, known as the Bank of Canada, will step into the market and sell securities, causing the depositors to take their money out of the banks to buy securities, having the effect of freezing up credit. In times of depression the central bank will be equally effective. The governor of the bank will say to the commercial banks: You have some frozen paper; probably you would like to discount it. The central bank will take over these frozen assets and give the bank's money in place of them, thereby forcing money into the credit system of the country. If that be not sufficient the Bank of Canada will itself go into the open market and buy securities, thus placing money in the hands of the banks, and the banks must use that money, because three-quarters of the deposits of this country are in savings accounts on which the banks pay two per cent, so they cannot allow it to remain idle; they have to put it out. So far as credit in this country is concerned that is one of the greatest things we have ever had, the Deputy Minister of Finance says the greatest thing since confederation.

Then I would point out that the central bank took over from the chartered banks of this country some \$39,000,000 in gold. It was taken over at \$20.67 an ounce and the present price is around \$35, so there is a profit of some \$15 an ounce. Some of that gold was held for foreign account—I do not know how much, but I should think \$9,000,000 would be a large estimate, due to the small number of branches they have in foreign countries. If that be a correct estimate there is on that gold an immediate profit to the people of this country, not to the bank but to the consolidated revenue fund of over \$20,000,000 which is not doing badly out of the banks of this country.

I should like to compliment the government on the fact that Mr. Justice Taylor, formerly of the province of Manitoba, has been appointed to the pension commission. I believe his appointment will have a good effect on the administration of our pensions. I should like also to refer to the nationalization of our radio, which has had a great and beneficial effect on the country.

Mr. HANSON (Skeena): Has it been satisfactory so far?

Mr. WILLIS: It has been entirely satisfactory to those people whom I represent.

Mr. HANSON (Skeena): It has not been satisfactory in the rest of the country.

Mr. WILLIS: I think if you went to the country on the radio policy of this government you certainly would be defeated; if you

[Mr. Willis.]

do not think so get your leader to go to the country on that issue. I defy him to take that step.

In addition the live stock industry of this country has derived benefits due to the fact that we have a preference in the British market. There are great possibilities also in regard to the United States trade agreement which may or may not be consummated; in any event we are striving to carry it through. The other day I was surprised to hear hon. gentlemen opposite trying to disparage the work of this government in connection with trade agreements. We have negotiated nine new trade agreements during the life of this government, and we have cancelled none. It may be said that we have cancelled two, but those have been renewed, so the policy of this government has been most successful in that connection.

Finally I should like to say a word about the balance of trade. We now have a favourable balance of \$134,000,000 as compared with an adverse balance of \$90,000,000 in 1929. That has the effect of allowing this country to borrow more than we could otherwise borrow. It also has the effect of allowing us to borrow at the rate of two per cent in some instances, something never done before in Canada.

I should like also, if I had time, to deal with certain other matters concerning the present policy of the government, and in particular I should like to refer for a moment to that accusation which is made so often, that the reform policy of the Prime Minister indicates an about turn on his part. That is contrary to the truth. Those who say the reform policy of the Prime Minister is an about face have not read the first speech he made in the House of Commons on November 20, 1911. I should like to quote from the *Toronto Globe* of February 15, 1935; Mr. Anderson, editor of the *Globe*, refers to an interview he had with Mr. Bennett twenty-one years ago. These were Mr. Bennett's words at that time:

Let me tell you that if ever this young country should run into a period of serious and prolonged depression—such a period of hard times and unemployment as has been known to other countries in world history—those then at the helm will have to pay in costly measure for the prodigality of to-day. They will have to atone for the exploitation of the public at the hands of self-centred and predatory interests by bitter doses of taxation, by radical enactments, by revision and reform of the whole capitalistic system—or face something of far sterner significance and more devastating consequences.