

THE CENTRAL BANK BILL NOW BEFORE PARLIAMENT WILL BE HISTORIC MEASURE

(Montreal Star)

The bill providing for the establishment of a Central Bank, introduced yesterday, seems destined to become historic. It is one of the most important measures presented to the Parliament of Canada since Confederation. Accordingly, it deserves the closest study by members of Parliament and the nation at large.

Speaking broadly, the proposed Central Bank is designed to serve two great national purposes, as well as to act as the Dominion Government's bank and financial agent. It should tend to control the total volume of credit in the country (not, of course, lending money directly to John Jones or Smith, but only to Governments and banks themselves), and it should be the agency for controlling the position of our Canadian dollar in international exchange. Clearly, the volume of credit, the very lifeblood of enterprise, and the fate of our money, are matters of national concern which cannot be left to haphazard. Equally clearly our existing machinery of control is somewhat rudimentary. It is hoped that the Central Bank will tend to head off undue credit expansion leading to booms and will tend to loosen up credit during depressions, thus softening the descent and counteracting the natural tendencies of commercial institutions. But the Bank of Canada will not be able to work miracles. We need only point out that the world is alive with Central Banks and yet we have just experienced one of

the worst depressions of history.

Follow Report

The actual measure follows closely upon the lines of the Macmillan Commission's able report and contains practically no surprises. The urgent representation of the chartered banks against the sudden withdrawal of their note issue has been met to some extent. They are to have a two-year moratorium, in this respect, whereafter their note-issuing privileges will be surrendered at the rate of five per cent per annum for five years and ten per cent for the following five years until it shall have been withdrawn in all by 75 per cent.

The Prime Minister made it perfectly clear that the Central Bank is designed to work WITH the chartered banks and not AGAINST them. It is far more the Central Bank's function to stand behind and assist commercial banks than merely to control them or bludgeon them into tightening up or loosening credit. Everybody is agreed—including the British members of the Macmillan Commission—that we have a splendid system of commercial banks, as commercial banks.

Chartered Banks.

The view of the chartered banks has also been met, in part, upon the question of the disposition of the Central Bank's reserves. It is proposed that a full 25 per cent shall be held in gold, instead of 25 per cent in gold and foreign exchange, as once projected. The banks will, perhaps, feel some sense of disappointment that their

gold is to be taken away from them at par, except reserves against foreign commitments. But in this the Dominion is only following the lead of Mr. Roosevelt, who has been at pains to see that any direct "profits" on monetary gold from revaluation of the dollar shall go to the nation and not to individuals or private institutions.

Amongst the best features of the bill is the provision for strong management by a Governor, a Deputy Governor and an assistance. Since the views of the banks have been met to some extent on the note issue, we may expect financial criticism to centre upon the provision compelling the chartered banks to keep five per cent of their deposit liabilities with the Central Bank. According to the bankers, this would provide the Central Bank with some \$100,000,000 of free capital—at the expense of virtually freezing five per cent of the commercial bank's reserves. It is the compulsory feature that they object to so strenuously, and maintain that, if left to their own devices, they would leave adequate reserves with the Central Bank, anyway. On the Government's side it may be represented that this provision would give the Central Bank a convenient handle over the banks. Parliament should consider this provision carefully.

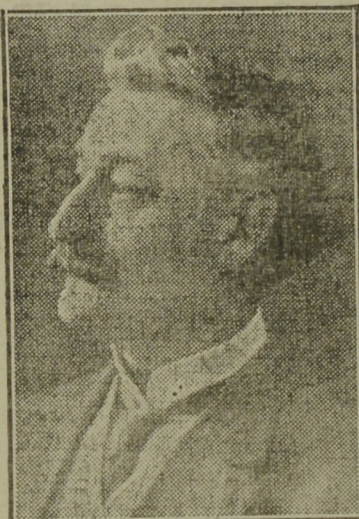
The Ownership

On the political side, the din of battle will centre around the question of public versus private ownership. A great deal of pother is being made by public ownership advocates while, as a practical matter, financiers well understand that ownership is much less important than control. The Bennett Government, having gone far to meet Western opinion generally by seeking to avoid even the colour of

MARTIN MAY BE CANDIDATE FOR MAYOR

Well Known Montreal
Politician May Soon
Make a Comeback.

Montreal Feb. 25.—Hon. Meredice Martin has been seriously considered lately, in the higher strategic circles of the Liberal party here and in Que-



M. MEREDICE MARTIN

bec, as a possible candidate for the mayoralty of Montreal. It is learned from reliable sources in close touch with the Liberal Government and the party administration.

Mr. Martin is at present not qualified to be a candidate as the charter of the city requires that the mayor must be a resident of Montreal. The question has been discussed, however, as to whether or not, pursuant to the charter, making the qualification either residence or ownership of a specified amount of property in the city. This would make Mr. Martin eligible as a candidate and would also eliminate any possible doubt as to the qualifications of Senator Lawrence Wilson, whose name has also been mentioned frequently in connection with the mayoralty candidature.

Paris, Feb. 25.—The craps was a sport indulged in as far back as 2750 B. C., according to research workers here who have discovered dice dating from that time. It is thought to come from ancient Mesopotamia. It differs from modern dice in that the latter are so marked that the sum of the dots on any two opposite sides total seven, the numbers on the ancient cube are arranged so that five opposes four and two opposes three.

The radio field; a Godsend to writers who can't spell.

politics in its ownership and management. There have been privately owned Central Banks which were mere tools of Government, that is, of the party in power. There have also been publicly-owned Central Banks, as in Australia, which have valiantly stood up to the Government of the day. Unquestionably, we want in Canada a Central Bank, like the great prototype of Central Banks, the Bank of England, shall be above mere political parties and stand for the national interest.

The reason why the C.C.F. members are so anxious to have a publicly-owned Bank is obvious. They think of it as a useful instrument in their programme for nationalizing banks and insurance, etc. They think of it as the possible tool of a C.C.F. Government, rather than an institution which may be successful stand up to Governments.

There will be disappointments, of course, when some of our optimists realize that the Central Bank is not a free soup kitchen, and deals with Governments and banks, not individual or firms. If John Smith drops in at the Bank of Canada and asks for a loan on his crop, he will politely be referred to the nearest branch of a commercial bank. Those who understand the functions of a Central Bank will approve the statesmanlike terms of the measure introduced. It has long been obvious that we were going to have a Central Bank. That being the case, it is a matter for gratification that the legislation provides for a strong structure. The next thing is to see that it is provided with absolutely first-rate management.

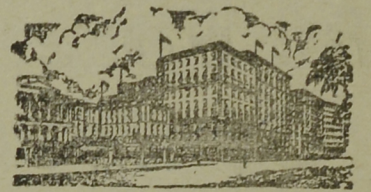
May We Suggest—

HOTEL BELLEVUE

BEACON STREET

BOSTON, MASS.

Located on Beacon
Hill Next to the
State House.



Just a few minutes' walk to the theatre, financial, and shopping centers.

New Lower Rates

Rooms without bath, \$2.00 up; with bath, \$3.00 up

Complete Restaurant and Cafeteria Service

Come to— A Printing Office FOR YOUR PRINTING Requirements

Envelopes
Programmes
Bill Heads
Books
Dodgers
Menus
Receipt Books
Posters
Statements

Financial Statements
Auction Sale Hangars
Wedding Invitations
Butter Wrappers
Visiting Cards
Circulars
Legal Forms
Reports
Catalogues

All Kinds of
CIRCULARS AND PAMPHLETS
Printed to Order

PRINTING IS OUR BUSINESS

The Entire Printing Department of
THE MAIL Is at Your Service In Your
Printing Needs

Mail Printery

Phone 67

627-29 Queen Street

FREDERICTON, N. B.

Printing That Combines Price With
Satisfaction

Here's a Genuine NEWSPAPER BARGAIN FOR YOU

Until Further Notice the Daily Mail and
The Family Herald and Weekly Star
will be sent to Any Address in New
Brunswick for the Exceeding-
ly Low Price of

\$2.50 Per
Year

Everybody is Looking for an Opportunity to Save
Money in these Trying Times and
Here is a Golden Opportunity

Two Papers for Less than the Regular Price of One

The Family Herald and Weekly Star is by long odds Canada's
Greatest Weekly Newspaper. Its pages teem with matter of interest
to the Farmer...the Lumberman...the Artizan and members
of their families. Farm women will find in its columns matter of
special interest and value to them. The children will also enjoy it.

Send in Your Subscription without Delay
and use this Order Blank

THE MAIL PRINTING COMPANY,
Fredericton, N. B.,

Enclosed find the sum of \$2.50 (cash or postal note) for which
send me The Daily Mail and Family Herald and Weekly Star for
the period of one year.

Name

Address R.R. No.