

that we are able to provide whatever increase in cash reserves is necessary to permit the banking system to grow in step with the demands of the economy. You will notice that I refer to the demands of the economy, for it is obvious that the banking system cannot expand unless there is a demand for its facilities. A bank cannot make a loan unless it can find some responsible person who is prepared to borrow from it. But if there is a demand for credit, and if the central bank allows adequate cash reserves, the potential for expansion in the banking system is very great indeed.

The Canadian economy has experienced an enormous growth in the last two decades, and I am sure that, although there may be variations in the rate, we can count on great progress in the years to come. This will require financing on a large scale in various forms - notably through the investment market and the banks. I am sure that in the field of finance we in Canada are well equipped and that our economic growth will not be restricted by a lack of credit. It will be the duty of the Bank of Canada to ensure that this is in fact the case. You will not be surprised if I express the belief that the Bank of Canada will do its duty.

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