Bank Act

Mr. Peters: It goes on to talk about depletion at home. World farm prices are in bad shape in the United States. The European countries and Japan are politically bound to protect their farmers. This protection has the effect of reducing—

Some hon. Members: Dispense.

An hon. Member: Table it.

Mr. Peters: I would be pleased to table it but the rules of the House do not permit it. I am sorry that so many hon. members do not know the rules of the House. I will continue to read it. Hon. members will be very interested to hear that if they were smart enough to read this and understand it, they could profit from it. Yes, even hon. members from the maritimes might be interested, members from that "social paradise" in Canada, the maritimes. As Myers' states:

Literally hundreds of thousands of pounds have been bought on credit—

This is certainly true of Canada.

—with the expectiation that the world would continue to go ahead in the 70's as it did in the 60's. But if this expectation proves to be wrong, these farmers will not be able to pay. Already they are crying for a debt moratorium, but who is to finance the moratorium?

The banks have lent them the money. But the money belongs to someone else who deposits in the bank. When that someone else demands his money, the banks will have to pay him, and so the farmers will have to pay the banks. If they do not, either the banks or the farmer will go bankrupt. If either of them go bankrupt first, then the original depositor will not be able to get his deposits out of the bank—and he will go bankrupt.

It's really not hard to accept this case for world deflation. To me, it's a much stronger one than the projections of inflation by most newsletters and the prognosticators. It could start at any time. It could start with default by foreign countries. It could start in Europe. It could start by withdrawals of large amounts of Arab money; and Japan—or even at home.

I know hon. members do not pay much attention to this, but let me read them the advice this gentleman gave. He went on to advise people who want to buy something that they buy gold. This commentary was published on February 10.

Mr. Dionne (Northumberland-Miramichi): What does he advise us to buy?

Mr. Peters: Gold, that yellow stuff found in the ground which has been fairly stable in value in unstable times. Myers states:

Gold therefore stands on solid base around $170 to $175 as it moves toward its first important barrier, $185. But this barrier could quickly crumble in face of unpredictable events. Also, Carter's total deficit, disclosed and undisclosed, for 1978 and 1979 will be close to $160 billion. Worldwide awareness of this is reason for dollar's recent weakness and will push gold easily above $200, perhaps $250 this year in its march to unexpected new highs later on.

On February 10 the price of gold in Canada was $172 an ounce, but because of the instability of the government and banking institutions in Canada the price of gold last Friday, before the end of the month, stood at $203 an ounce. This means, for my friend from New Brunswick—

An hon. Member: Which one?

Mr. Knowles (Winnipeg North Centre): There are three of them over there.

Mr. Peters: All my friends from New Brunswick, those four socialists from New Brunswick. If they had bought futures for a May delivery, it would not have cost them any money, if they had just learned to read and understand the system. If they wanted to buy futures—400 ounces is the minimum they could buy—they would have to make a deposit, but on $65,000 worth of gold it would not be a very large deposit. They would then be able to sell that gold at $203, thus making somewhat over $25 an ounce in round figures. That $25 an ounce for 400 ounces would mean slightly over $10,000 in profit. Even a socialist maritimer would not object to that kind of profit. Anyone who is smart enough to tell you how you can make $10,000 in two weeks on a small deposit should be worth listening to.

● (2052)

Our currency is in trouble. I raise this matter because the government is now going to the banks to borrow money. The government will borrow $2 billion. It has asked the United States or other foreign markets to supply us with another $2 billion. That is $4 billion. We probably still have $5 billion in foreign currency. If we start to put that out, thinking we will hold our Canadian dollar when we have a government which cannot even bring forward a new Bank Act, and when there are no plans for a new Bank Act or for the future, and if we think we can spend $100 million a day to raise the value of our dollar one quarter of a cent—and it will probably slip back at the end of the day—we will see how bankrupt this government is.

If the government were to put up the total amount, it might be able to hedge our dollar against the American dollar; but let us not forget that the American dollar is in very serious difficulty. The American dollar is not even worth 60 cents against the yen. Perhaps it is worth 65 cents against the French franc and about 68 cents against the Swiss franc, or vice versa. The American dollar is in a very serious position, and now we are going to put up whatever reserves we have to bolster our dollar when everyone knows that economically speaking this country has no government, no policy and no plan for a long-range solution to our economic problems.

There are advantages associated with our devalued dollar. If its value goes down to 60 cents American, I will be unhappy because my national pride will be hurt. However, we would sell tremendous amounts of lumber from northern Ontario because we would have a 40 per cent advantage over the United States. The Americans would shut down their mills and buy our lumber.

Mr. Lumley: Go back to the Bank Act.

Mr. Peters: My friend says I should go back to the Bank Act. This man speaks for the Minister of Finance (Mr. Chrétien), who cannot bring in a bill which is already nine years overdue.

We are not talking about the 1980s for the revision of the Bank Act. We are talking about the 1970s. This minister who cannot bring in a new Bank Act is going to give us some advice