

*Bank Act*

Not only do we require work on the part of individuals and industry, we require work on the part of everyone, including elected representatives at all levels. If all elected officials, regardless of their petty political wrangling, worked in a united front, we could fight the common problem on our doorstep. Work and action will accomplish the things which have to be done, not the words which are spoken day after day. We require action by responsible politicians. Some hon. members may have an opinion different from mine. To them I say, "The steam that blows the whistle will never turn the wheel".

Canadians must return to the principles I mentioned earlier. We must return to the free enterprise system. There is nothing wrong with it. Also we must return to hard work. This is the basis upon which this nation was built. This is the basis upon which this nation will continue. I am referring to simple hard work. Perhaps that is unknown to many bureaucrats. It will be necessary to teach them to work hard. If they had been taught that, we would have been considering the Bank Act today rather than just an extension of it. Handouts are not the solution. We require incentives to industry. If industry receives those incentives, it will do the job.

What we are considering tonight indicates that the government does not have the policies we require, nor are the government bureaucrats prepared to work hard.

**Mr. Arnold Peters (Timiskaming):** Mr. Speaker, I was very surprised to learn tonight that the maritimes have become socialistic. I am sure Mr. Hatfield, Mr. Campbell, Mr. Moores and Mr. Regan will be surprised. If the maritimes have become socialistic, it is the best kept secret in Canada. If that is so, perhaps it would be better if it remained a secret, rather than the hon. member for Moncton (Mr. Jones) informing the people of the maritimes about it. Presumably it has happened without their knowing.

If we were to move a 12 month hoist on this bill, we would accomplish what the government is able to accomplish in any event, which is the postponement of the decision on the decennial review of the Bank Act. That review is already nine years late. As the hon. member for Winnipeg North Centre (Mr. Knowles) indicated, he will be here long enough to see it missed for the entire ten year period.

I do not believe the maritimes has become socialistic. Perhaps there are too many free enterprisers in that part of the country. There seems to be an acceptance of the subsidies given by the government. The Bank Act is being postponed because the government and the banks are not sure what they will do in the next two or three years to solve some of the problems in regard to the Bank Act. One problem is the government's relationship to the banking industry. Another problem is the roles which are played by members in the caisses populaires and credit unions of the country. Changes have been suggested with respect to the relationship which exist among the government, the caisses populaires and credit unions. It is difficult to decide what political advantage will be gained by including credit unions in the Bank Act, or allowing them to operate in the way they have in the past. It will be necessary for the government to consider this suggestion for

[Mr. Jones.]

another two or three years, because it would be unwise if a wrong decision was arrived at prior to the forthcoming election.

I am concerned about what is happening to our Canadian dollar at the present time and its relationship to world currencies. The money markets of the world have been destroyed by asking countries to make deposits to the International Monetary Fund, and then giving them drawing rights against the IMF for the third world countries. The initial idea was that if the countries which were in a fairly sound financial position were to allow money to be lent to the developing countries, those countries would develop and then would become consumers while the countries which had lent the money would be able to do business and get their money back.

● (2042)

There is an interesting article in Myers' Finance and Energy publication. I know some hon. members are not the least bit impressed by some of the advice given by Richardson, Myers' or some of the other agencies on what to buy, what to sell and where to put their money, but the February issue of their commentary indicates that there are \$400 billion Eurodollars floating around the world. They indicate, in a long and involved way, that the U.S. Treasury does not owe money for these Eurodollars. Many U.S. dollars, have been processed by the IMF and have reached Europe not as a debt but as a currency for which the U.S. takes no responsibility. The United States has made its sale, they have been paid for it in U.S. dollars and these dollars will not be picked up by the U.S. Treasury. The commentary goes on to say:

The U.S. Treasury does not owe any of those dollars and has no responsibility to make good. Only when the U.S. dollar was backed by gold was it in the position where it had to be made good. If an Arab potentate buys \$10 million of U.S. Treasury notes, the U.S. does owe and must pay those dollars. If, however, the potentate puts \$10 billion in Citibank and certificates of deposit, the U.S. has no obligation to pay those dollars. Citibank does, but the country doesn't.

It goes on to say that in their opinion there is probably \$1 trillion floating around, only \$800 billion of which the U.S. Treasury has the responsibility to repurchase, and that the great danger the world faces today is not inflation but deflation.

This commentary points out:

The very great danger rests in the contraction which is taking place all around the world. Japan at present is leading with bankruptcy. So far these are mild and they have not caused more than a few large failures, which have been absorbed. But if the illiquid debtors around the world run into a bad climate generally, many of them will have to defer payment, some of them will have to default payment. A certain amount of this can be handled. But if at the same time the depositors get scared of what is happening and begin to withdraw their funds, the banks will be left defenseless because, as previously stated, they simply do not have the money. It is in the hands of the illiquid debtors.

It goes on to say—

**Mr. Dionne (Northumberland-Miramichi):** Table it.

**Mr. Peters:** It has been sent it to all members. The hon. member has not read it.

**An hon. Member:** Shame.