

Business of the House

public bodies, be they federal, provincial, municipal or educational, and that money would inevitably return in the banking system and then, the banking system would be able to lend it again with interest; we would accept that. But at the time that new credit is created, why would it not be up to the Bank of Canada to lend it without interest?

Could the minister tell me, could he answer such a precise question, not by evading the point, not by beating around the bush, but by replying directly? Are there any objections to that? Does the minister see any serious objections to the fact that the yearly credit increase would be loaned without interest, to the public, by the Bank of Canada? Could the minister answer that question?

[English]

Mr. Sharp: Yes, Mr. Chairman, very great difficulty indeed.

[Translation]

Mr. Grégoire: Mr. Chairman, one can tell the minister does not know quite what to say. He says, "Yes, I see many difficulties there indeed." But which difficulties? Can the people of Canada be content with that? The minister admits openly—and he admitted it in his reply to a question of mine—that banks loan $12\frac{1}{2}$ times their cash reserves, while admitting in the same breath, "There is a lot of credit and that is normal; it is healthy and beneficial to chartered banks." The minister accepts that, but can the Canadian people accept that? The minister says, "Yes, I can see many difficulties there." But which difficulties? The Bank of Canada Act is reviewed every decade. In this case, it has not been reviewed in 12 years. I will not be content with answers such as that one. Let the minister tell us what difficulties there are. That is what we demand of the minister, that he tell us what difficulties he sees.

[English]

Mr. Sharp: Well, Mr. Chairman, if I may say so once again, I consider that such action would be very detrimental to the interest of the people of Canada because it would be very inflationary, and all of these arguments being presented by the hon. member for Lapointe are simply a camouflage for one of the oldest practices in the world, which is the practice governments have indulged in in the past, and I hope will not indulge in in the future, and that is printing money for the purposes of meeting government expenditures.

[Mr. Grégoire.]

• (10:00 p.m.)

[Translation]

Mr. Grégoire: Mr. Chairman, I shall put the question again to the minister, but this time I ask him to be honest. Without minting a single coin—let the minister listen well—without increasing the money supply more than the chartered banks did, not by a penny more than the banks did in the past, the latter did it for \$1,588 million in 1965, \$1,669 million in 1966, but without doing it for a single penny more, if the Bank of Canada were to do it instead of the chartered banks, and without doing it for a penny more, that would not be inflationary. Perhaps the minister could answer that one. If the Bank of Canada were to do it for not a penny more than the chartered banks did in the past, would that become inflationary just because the Bank of Canada would be involved? If the Bank of Canada did it for not a single penny more, provided, of course, the chartered banks no longer had the right to multiply that by 12?

Naturally, I insist on saying this to the minister: provided the chartered banks no longer had the right to multiply that by 12. But if the Bank of Canada created the same amount as the chartered banks, without multiplying, without having to multiply by 12 like the chartered banks, would that become inflationary? I give notice of that to the minister, so that he can think about it.

An hon. Member: Mr. Chairman—

[English]

Progress reported.

BUSINESS OF THE HOUSE

Mr. Monteith: Mr. Speaker, does the house leader intend to announce the same order of business that he announced on Friday?

Mr. McIlraith: Yes, Mr. Speaker.

Mr. Monteith: May I assume at this time it is definite that the Bank of Canada Act will be followed by the Bank Act?

Mr. McIlraith: Yes. I would hope we would make good progress tomorrow.

Mr. Monteith: I trust that you will not have to give the same message tomorrow night at ten o'clock.