

Bank of Canada Act

Nowadays, the bank note or dollar bill is evidence of indebtedness which has a value of its own independent of that of the metal on which it was secured in days past.

That is why our bank notes have become a true currency. They play the characteristic functions of currency in that they are an instrument of barter, a standard by themselves and a reserve of value for the future.

Consequently, the words "will pay to the bearer on demand" have become useless and are misleading for the public. Indeed, the man in the street never bothers about them. I must say that nowadays millions of Canadians seldom see the colour of money, because they have none on account of our debt-ridden financial system.

On the other hand, 98 per cent of the money in circulation is credit money, issued or created by chartered banks; it is bank money, account or figure money, because 2 per cent of the cash deposited is sufficient for banking institutions to pay unforeseen withdrawals.

Nevertheless, Mr. Speaker, I think it is most important that the 2,220 million bank notes in circulation on May 6, 1964 reflect faithfully the truth. I hope that all members realize the legitimacy of this bill and that they will gladly support it.

[Text]

Mr. Lloyd Francis (Carleton): Mr. Speaker, I have listened with a good deal of interest to the remarks of the hon. member for Chicoutimi (Mr. Côté), the proposer of the bill, and I must commend him on the background material he has introduced relating to the operation of the gold standard and the circumstances under which Canada suspended operations under the gold standard and the conversion of its currency into gold. It also seems to me that his remarks concerning the factors that really determine the value of a currency are eminently sensible and I would not disagree with them. I am concerned about some aspects of the bill because I think the bill as drafted makes some assertions which I for one find difficult to accept. I quote from the wording of the proposed bill:

—such notes shall not contain any wording which is misleading or which might deceive the public as to the true nature thereof, or of the obligations incurred by the bank in issuing them—

With his scrupulous and literal regard for the truth, the hon. member proposing the bill felt that the words should be changed. The words to which the hon. member objects are that the Bank of Canada will pay the bearer on demand. I do not know whether there is any significance, but it seems to me that every time there is a reprinting of these notes these words appear a little

smaller. Certainly they were more conspicuous on the notes that were in circulation during the forties.

It seems to me that if the intention of the hon. member is to correct an injustice, then he has not proven anyone has been deceived or that there is any injustice to be rectified. He himself said that he is quite happy to receive the currency of the realm and his only regret is that he cannot have more of it in his pocket, a regret which I am sure all of us share. If the hon. member is thinking in terms of reform legislation, he should go much farther than he does. I have before me selections from the recommendations of the royal commission on banking and finance which deal indirectly with this matter.

The commission recommends:

For example, sections 22 and 23, which provide for the redemption of Bank of Canada notes in gold and the maintenance of a gold ratio, have both been suspended for many years and should be removed from the act.

In other words, the commissioners would go farther than the proposer of this bill in clearing up this wording that some people might perhaps regard as an anachronism that serves no useful purpose.

The commissioners go on to say:

The basic integrity of our currency does not depend on gold but on the skill and wisdom with which it is managed.

This, of course, is in line with modern thinking, and I am sure very few hon. members of the house would disagree. The basic problem here, it seems to me, is, what are we trying to do? Are we concerned about the wording? Does any hon. member really believe that anyone who accepts our currency is deceived or misled? Does anyone who receives his pay at the end of a week worry about the soundness of the currency or does he feel that this fine print somehow or other deceives him? It seems to me it is the very heart of our constitutional usage of our democratic traditions, that we in parliament go through certain legal fictions. While the form is maintained, the content changes. In this way we maintain a certain continuity in our institutions, which has a very beneficial purpose. This continuity which is contained here by a reference to the gold standard does not really bother me, Mr. Speaker, to the extent that it appears to bother the hon. member, who feels he has to introduce a piece of legislation to correct it.

I should like to call the attention of the house, Mr. Speaker, to a few instances in which we have maintained certain forms and traditions and where the wording, while maintaining a certain semblance of continuity with what has gone before, does not conform any more than the wording to