

will circulate those \$93,000, but he must consider he has to pay his loan back within a year. Therefore Mr. Toupin is going to sell his products and make enough profit to earn \$100,000 within a year to pay back the bank in one shot or every month according to the terms of the contract. Mr. Toupin invested \$93,000 and extracted \$100,000 from the public; that is the way he will generate that money.

As Mr. Toupin repays the bank, it will credit the discount which was charged when the \$100,000 were generated. And when the \$100,000 will be entirely paid back, the discount account will balance and that will be the end. Figure money, bookkeeping money will die at the same place where it was born. No new money will be created and put in circulation and in the same way, by creating the same debt, the consumer must pay that debt through the purchases he makes. As far as government is concerned, it is exactly the same thing except the taxpayer rather than the consumer has to foot the bill. However, until now the government does not pay back money but it defers maturity by issuing new bonds sometimes with a lower interest rate. That is why the national debt of all industrialized countries will never be settled but will increase instead as they have to borrow again for new projects. And that is why taxpayers must pay hundreds of millions every year to service national debts. As we can see, money is made by people with a stroke of the pen. Money is not eternal; it is destroyed by the same people who made it according to the terms of the birth certificate.

● (2142)

[English]

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, on entering the debate on Bill C-16, which represents the second extension this government has asked this parliament to endorse in respect of the existing Bank Act in Canada, it is wise that we first take some cognizance of how the banking industry now stands in Canada, and how the near-banks, including the credit unions, trust companies, loan companies and finance companies, stand in relation to our chartered banks. Before we go further in considering whether this extension should be granted, I think it would be wise if we got a better perspective of why, on the last day of February, we are considering another extension to the Bank Act, which should have been extended as of June 30 last year.

I would suggest we have in this legislation before us tonight a very vivid example of the ineptness of this government over the past few years. There may be things that sneak up on this government or that surprise the government, and would perhaps surprise any government, but surely the one thing that any government in power in Canada could have anticipated was the revision of our Bank Act in 1977. It was a 10-year Bank Act, and on June 30 everybody knew that, unless it was further extended for another ten years, or extended as the government chose to do on March 31 of this year, the business of banks in this country would literally disintegrate. There would be no banks. Their constitution, which is the Bank Act,

Bank Act

would no longer be in existence. Although the government was well aware of that fact, it chose not to take the necessary action to see to it that we did have a 10-year review of our banking situation and then a proper Bank Act introduced and passed in this House by the first deadline.

Having said that, I suggest we in this country missed a tremendous opportunity, an opportunity that may well have relieved some of the anxiety we now feel in respect of our crippled dollar. I suggest this because one of the things we have done well in this country is banking. We have healthy and strong banks which, unlike some of our industries, are able to be competitive with the largest banks in the world. I suggest there is a matter of reciprocity involved. We have been active in our banks. Our banks have been very successful in the United Kingdom, the United States and in other countries. They have brought back huge profits to this country as a result of their activities. As a matter of fact, at the present time our Canadian chartered banks have approximately \$100 billion in domestic assets and \$50 billion in foreign assets. In short, one-third of our total banking industry today is active around the world, doing what I would suggest we in Canada must try to get more industries doing; that is, making the world their oyster. In truth we are a tremendous international banking country, and that is a credit to us in Canada.

There is a certain feeling of reciprocity involved. If you choose to do business in another country—and I refer to banking activity—it is only natural that that country will expect to do some business in your country in return. There are many banks that are anxious to do business in Canada. They feel they can contribute in the sense of making Montreal, Vancouver or Toronto significant financial centres if given the right to participate in these markets.

Mr. Knowles (Winnipeg North Centre): What about Winnipeg?

Mr. Stevens: This is known to the government and it has been known for years. In fact, the interest shown by these banks is such that it is estimated that in Canada there may be as many as 60 foreign banks carrying out some type of operation already, in the sense that they have agencies or representative offices here or, as some classify it, suitcase type operations. Some 60 foreign banks are active in Canada in the sense that they are waiting to get the nod to become active participants in our banking community if the Bank Act so permits.

Let me be more specific. In Toronto it is estimated there may be over 40 foreign banks presently maintaining offices, certainly as lookouts, listening posts or as training stations, as some describe them, but, in any case, indirectly carrying on active banking business. In the Commerce Court in Toronto there are 26 foreign banks which maintain offices of a banking nature. According to the Bank Act, it is an offence to use the title "bank" unless the bank is one of the scheduled banks to the act. I invite any hon. member to go through Commerce Court and see the number of banks which probably display