

Bank of Canada Act

There is one other matter with which I should like to deal briefly. I refer to the national debt. We do not worry too much about the national debt, I suppose, as long as we can keep the ship sailing and as long as the people receive fairly good services. I am sure that the government is not concerned at all about the national debt. I should like to refer to a document entitled, "In Growing Debt We Trust", which was prepared by Wilfrid C. Krug, Canada Building, Windsor, Ontario. I believe this gentleman is a business consultant. This statement is made about the national debt on page 9:

The Canadian government has used its newly acquired power over money to create a fantastic unpayable interest-bearing debt and, in recent years, has refunded the debt at much higher interest rates and extended the maturity date up to 30 years making the debt a \$900 million annual burden to the taxpayer.

Of course the amount would be higher than that now because this document was prepared in 1961. I continue with the article:

• (4:30 p.m.)

This terrific debt and its impact on society is bound to stimulate fresh and deeper investigation and lead to a higher stage of organization in the realm of money. When the Canadian people once know, as a result of the revolutionary changes in monetary matters, that it is now unnecessary for the government to pay \$900 million interest on its own credit, they will demand monetary reforms. Indeed, with the power over monetary matters which the government possesses, no government in a true democracy has any moral right to bind its people for one minute longer than it holds office. It has no moral right to impose its will on the future generation compelling it to pay 5½ per cent interest on non-callable bonds for the next 30 years.

The article then goes on with this statement:

If the government financed needed deficits and retired its maturing debt through the central bank, this would bring us back to pre-world war I days when there was practically no government debt.

In his presentation Mr. Krug referred to an interest charge of \$900 million on the national debt. According to the summary of the estimates which have just been tabled this afternoon I notice that the interest on the public debt amounts to \$1,273,906,400. So the figure has increased from the \$900 million referred to by Mr. Krug to over \$1,273 million. And I suppose the end is not yet, Mr. Chairman, because we will continue to face this problem until parliament and this government act, and act decisively, to make some fundamental changes in monetary policy to meet the needs of the present day.

There is reference in this booklet to another proposal which has been put forward

[Mr. Patterson.]

by Social Credit for quite a number of years, namely, the progressive transfer of our national debt to the Bank of Canada. I believe I have previously made reference to an advertisement in a newspaper on November 28, 1966 in regard to the issue of \$500 million of non-callable government of Canada bonds. The advertisement stated that the Bank of Canada had already agreed to acquire a minimum of \$35 million of these 5½ per cent bonds which are due January 15, 1968. I suggest that if the Bank of Canada can assume a few million dollars of our national debt it can certainly go further and assume all of our national debt through a progressive transfer.

If I may deal with one other aspect of this problem I should like to make reference to another statement by Mr. Krug in the booklet "In Growing Debt We Trust". On page 6 there is reference to the three methods of financing deficits. First of all, the government can print \$1 billion worth of bonds and sell them to non-banking groups. Second, the government can borrow the money from the private banks. Third, the government can borrow the \$1 billion from the Bank of Canada which is owned by the people. This method of financing does not create an interest burden because the profits of the Bank of Canada are turned over to the government.

I am not going to say anything further on the issues I have raised today, but I believe they are very important and bear repeating. First of all, there is the question of monetary policy. Second, we must consider the provision of capital to the level that governments need to take care of their social capital requirements. Third, we should take care of our national debt by transferring it to the Bank of Canada and liquidating it, thus saving the taxpayers over \$1,273 million. I believe that the people of Canada would prefer to invest in the development of this country rather than in our national debt. If this policy were followed, Mr. Chairman, and our national debt transferred to the Bank of Canada and eliminated, then our people would invest in the development of our country and we would see tremendous advances right across the nation.

Mr. Nasserden: Mr. Chairman, the measure before us is a unique reminder of another parliament and of another prime minister, the late Right Hon. R. B. Bennett who, leading the government of his day, placed upon the statute books the Bank of Canada Act. The action that his government took was designed