

*Bank of Canada Act*

At the financial level, we could become Canadians again, we could again own our industries, our land and we could live like Canadians, as owners of our own home and not as indebted or evicted tenants, something that happens every day.

Not later than yesterday a Montreal newspaper reported that families were evicted because they could not afford to pay their rent and they were told: You are on your own, shift for yourselves.

Such things will practically never happen any more, because people will have enough to live on and develop. School boards and municipalities will no longer sell properties or seize personal assets in order to pay school and municipal taxes. This will not happen again. And municipalities and school boards will no longer have to pay four or five times the cost of their schools and municipal works.

The Bank of Canada would be repaid for the loans and advances granted, without interest, out of public funds, over a depreciation period or on the basis of 2, 3 or 5 per cent per year, until the debt is paid off.

After the new credits issued by the Bank of Canada have been repaid, they would no longer be in circulation.

So much for the argument about inflation put forward by everyone. Everybody tries to prove that what we are advocating would create inflation. On the contrary, it would bring about complete stability. Inflation or deflation would no longer exist. As a matter of fact, there would be even less inflation and surely no deflation. The problem would be solved.

It would therefore benefit the whole country and all the Canadian people, and the government which wants to remain in power would do so, because we would be the first to support it, to join it, to praise it and to say it has accomplished something worthwhile for the nation.

I have already said that we are not seeking power, but reforms. Now, by bringing in reforms, you will remain in power. We do not need power. We want reforms. But if you will not bring in the pressing social reforms we need, you will then have the advantage of always keeping us with you, because thousands of Canadian citizens have sworn to combat poverty and to denounce you and the system you favour, unless you bring about the desired changes. Now, I move my amendment.

23033—887½

**The Chairman:** It is moved by the hon. member for Compton-Frontenac:

That clause 11 of an act to amend the Bank of Canada Act be amended by adding at the end of subsection (1) of section 20 of the main act as enacted by the said clause 11, the following:

"and to act as a banker or as financial agent of the provincial governments and of municipal corporations in respect to long term bond issues for the purpose of financing public buildings and public works, the same without interest."

**Some hon. Members:** Question.

**Mr. Sharp:** Mr. Chairman, may I reply to this proposal by reading two short quotations from the report of the royal commission on banking and finance. The first is to be found at page 556, where the following appears:

However, the same section of the act enables the bank to act as banker or fiscal agent to the government of any province by agreement. While never used in practice, we believe it should be removed since the bank could not run an effective national monetary policy if it were to be continually under the obligation to put out new issues for the provinces, at least without conflicting with its fiscal responsibilities to its provincial clients. Adequate fiscal and banking advice is available elsewhere, and the embarrassment which would result from the central bank vetoing an unsound provincial financial program rises all too readily to the imagination.

● (3:50 p.m.)

The second quotation, which is more specifically on the point put forward in the amendment of the hon. member, is from page 71 of the report. It reads as follows:

We also received a proposal that the Bank of Canada should finance the social capital requirements of the provinces and municipalities either directly or through re-discount facilities, a proposal which would involve major changes in that institution's operating practices and have profound consequences on its ability to promote national objectives. Financing on the scale envisaged could only be supplied by the central bank if price stability were sacrificed, and even on a smaller scale would subject the central bank to intolerable pressures from eleven competing governments. For the latter reason also, we do not believe it necessary or desirable for the central bank to act as an underwriter to these governments, especially in view of the full facilities available in the private sector.

I do not think I need add anything more, Mr. Chairman. These reasons accord also with the reasons which the government had for amending the act, as appearing in clause 11.

**The Chairman:** Is the committee ready for the question?

Amendment (Mr. Latulippe) negatived: yeas, 8; nays, 71.

**Mr. Olson:** Mr. Chairman, I move that clause 11 be deleted completely. The only