

*Bank of Canada Act*

Why not determine exactly what currency is, so that we might know where we are going with that. What is credit? Why not issue some? And why not create currency, which is so necessary to the economic life of the country, which has the power to create and manage credit? It is the duty of the Minister of Finance and of the hon. members to place the currency in the hands of institutions which need it to develop the country.

Let us say that, at a certain moment in our economic life, we put \$5,000 in circulation. Those \$5,000 constitute Canadian currency, if they are deposited in the branch of a chartered bank. But, they are no longer Canadian currency if they are put in the branch of a trust company or a credit union. They are not Canadian currency any more. A loan of money made by a chartered bank represents a tax increase on Canadian currency, on the whole economic life of the nation. A loan of money granted by a Caisse populaire or by a finance company represents only a transfer of funds between two corporations.

• (5:20 p.m.)

Everything is so thoroughly mixed up, confused and complicated that the economists and the bankers themselves no longer understand anything at all. They no longer will take the risk of defining the words: money, credit, nation, Canadian currency, money supply, total money or credit supply in Canada. Questions were asked in committee and the Minister of Finance and all the members of the committee know that questions were asked to find out the nature of money, of currency in circulation, what constitutes the money supply and so forth.

If one is to understand the monetary system well, one must understand that. And it is so complicated a matter that it is almost incomprehensible.

First of all, there is what university scholars call small coinage: cents, nickels, dimes, quarters and fifty-cent pieces. That is the metal money of which, all told, there is almost \$300 million worth in circulation across Canada. Then we have the Bank of Canada notes in denominations of one, two, five, ten, twenty, fifty, one hundred and one thousand dollar bills. They bear the signature of the governor of the Bank of Canada. They represent approximately \$2,700 million.

There, then, is all the visible money in Canada: \$300 million in metal coins and \$2,700 millions in notes, for a grand total of

\$3 billion in legal money issued by the Bank of Canada in circulation throughout Canada. Now, when we speak of the Canadian money in circulation, we claim it amounts to \$21 billion. Where do those \$18 billion come from. I put that question to the Minister of Finance. In addition to the \$3 billion in real, metal and paper money. This is where scholars and economists start mumbling and each of them has a different story.

Who, then, created the \$18 billion of Canadian money supply, if we have, in fact, only \$3 billion in money coined by the government and supplied by the Bank of Canada? There again, economists mumble, and to realize it, you only have to re-read the many excerpts of their official evidence given before the committee on finance, trade and economic affairs, as recorded in some 20 reports of proceedings distributed to each member and each minister.

The Bank of Canada has been in operation for 30 years. It is time to put some order in our monetary system. They do not yet know what is credit, what is the money supply, what is Canadian money or who prints the \$18 billion in excess of the \$3 billion that can be seen.

I am not saying that does not make sense, I am only saying that we do not know what we should know. Why is the money deposited with a trust company, a finance company or a credit union not included in the money supply? That is another mystery that could not be solved in committee. Evasive answers only were given. And yet, we were there to enlighten the people, to put before them the results of the monetary systems as they are. And such information was denied us.

Therefore what is the purpose of the Bank of Canada? Why do the banks have the power to create billions of dollars worth of deposits on bills or bonds? Why does not the government give them the power at least to create enough so that our provinces and all our public institutions would not have to go to foreign countries to get funds?

That is the important matter that should be examined and that I would like you to see and settle it once and for all.

Take for instance companies, municipalities or provinces. Why are those guarantees sufficient when foreigners lend us money on our own credit? Why are those credits good for securing foreign currency? Why are they not good enough to enable the government to capitalize sufficiently, with these same credits, to finance those same agencies?