

Borrowing Authority Act
GOVERNMENT ORDERS

[Translation]

BORROWING AUTHORITY ACT, 1978-79-80

MEASURE TO GRANT SUPPLEMENTARY BORROWING POWER

The House resumed, from Tuesday, October 24, consideration of the motion of Mr. Chrétien that Bill C-7, to provide supplementary borrowing authority for the fiscal year 1978-79, to provide borrowing authority for the fiscal year 1979-80 and to amend the Financial Administration Act, be read the second time and referred to the Standing Committee on Finance, Trade and Economic Affairs.

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, a moment ago, during the oral question period and while answering a question put by the newly elected member for Lotbinière (Mr. Janelle), the Minister of Finance (Mr. Chrétien) seemed to be annoyed by the hon. member's remarks which had to do with the Social Credit monetary theory. However, the hon. member for Lotbinière can consider himself lucky because, to use a phrase that is becoming common in this House, the minister could very well have offered him to put his foot somewhere or to kick his ass.

Very seriously, Mr. Speaker, to come back to our subject when the incident occurred last night I was saying that it is not normal that a sovereign state not be courageous enough to draw credit corresponding to the real economic capacity of the nation, through its own bank, at least to finance the public sector. Again I repeat that when the government borrows money through the sale of bonds, the banks hold a special privilege when buying these bonds, as compared to individuals. Mr. Speaker, Canadian citizens who buy Canada Savings Bonds must use their own savings, their own income, whereas banks have the power to create money to buy such bonds. In support of my assertion, I will quote from pages 322-323 of the report of the inquiry on banking. It says:

The member of parliament, Mr. Spencer, is asking questions, and Mr. Wilsons, General Manager of the Royal Bank is answering.

and I quote:

MR. SPENCER: Bankers have the power to expand the money supply by creating circulating credit?

MR. WILSON: Yes.

MR. SPENCER: By granting loans?

MR. WILSON: Certainly, this is what is going on.

MR. SPENCER: By purchasing bonds?

MR. WILSON: This puts money in circulation.

MR. SPENCER: There are therefore the two means that I have suggested to create money?

MR. WILSON: Yes.

Mr. Speaker, there were only \$286 million in currency minted under sovereign authority, but the ten Canadian banks had granted loans on long-term bonds totaling \$1,426 million and \$1,200 million on notes for a total of \$2,626 million. In

[Mr. Speaker.]

view of these revelations, the member of Parliament, Mr. Coote, asked Mr. Wilson:

MR. COOTE: How could the banks ever pay everyone in cash?

MR. WILSON: The whole banking theory is based on the assumption that everyone will not lose his head at the same time.

This answer is found on page 316 of the report on the banking inquiry.

This means, Mr. Speaker, that the banking system is supported only by public ignorance as concerns its operation and by public confidence, therefore by the credit of a society. By granting loans and purchasing Canadian bonds, banks issue credit money which the government uses to finance public works, which increases the amount of money in circulation and on which Canadians must pay interests, and this increases at the same time the amount of the national debt, which, in my opinion, is ridiculous.

Mr. Speaker, this process is now recognized by the banks. Experience has shown it, statistics prove it, legislation authorizes it, and this is the cancer growing at our so-called sovereign governments. I say to the members of the majority party in this House, who claim to follow a right of center philosophy and who accept this monetary dictatorship, that they attack everything except the financial powers, that they act as though money were a God beyond the influence of men, as though the regulations established on the basis of money could not be changed for regulations established on the basis of the normal needs of man and existing possibilities. They come empty-handed to face all sorts of disasters in all areas, they are rightists, because they refuse to do anything about the major disorder which exists in the monetary system.

Mr. Speaker, when will the government which claims supremacy have the courage to call on parliament to check that dictatorship of monetary powers and force soulless money to serve human capital. Mr. Speaker, if you want to embarrass a big banker, all you have to do is ask him this question: What will you be doing in ten years? And to embarrass the young people in which I put all my hopes, again I ask: What will you be doing in ten years if the system of public financing which is currently burying you under debts to the tune of \$50 million a day is allowed to continue? Young people of my country, I urge you to consider and get interested in the administration of this country and to challenge a financial system which allows the people to be exploited to the benefit of those who control the monetary levers and hence the economic blood of the nation.

● (1532)

[English]

Mr. Joe Clark (Leader of the Opposition): I intend to take part in this debate, Mr. Speaker, only very briefly, and I do so because of the most recent and desperate act by the government of imposing closure on this bill. They have indicated in their behaviour last night and today that they cannot even impose closure efficiently in this House of Commons. I think