

Economic Policies and Unemployment

been invented as a punishment to mankind, let us endure unemployment, let us give the unemployed a pittance with which they cannot even afford to buy the strict necessities of life or support their families. However, if we believe sincerely that technology, science and automation have been brought in to serve mankind, it is time then to put aside the concept of full employment and to think about the full distribution of products generated by science, progress and the machine, and to give the necessary purchasing power to men, women and children. Whatever the label, unemployment insurance benefits, pensions or national dividends, the big thing is to give them enough purchasing power to enable them to buy the products of science and automation. Only then will God's creature, the human being, be respected. By doing so, we shall submit the machine to man, rather than man to the machine, as is now the case.

Mr. Speaker, I said a while ago that the main objective of the Bank of Canada is to maintain constant economic growth. We do agree on that point and we are asking the government to instruct the Bank of Canada to achieve it and not always to change the discount rates, embarrassing everybody and suggesting that the Bank of Canada decides how much new credit will be put in circulation.

Here, I wish to provide an illustration for the minister. Let us suppose that I enter a branch of a chartered bank this afternoon before three o'clock and that I apply for a \$1,000 loan. The bank, with all the guarantees I offer, agrees to a \$1,000 loan bearing interest at the rate of 8, 9 or 10 per cent. Let us suppose also that I am in no immediate need of those \$1,000. Then, I do not open a current account but a savings account by means of the credit I have just received from the bank.

The minister will recognize that if all the deposits are added after I left the bank, there will be a difference of \$1,000, corresponding to the credit I have just been granted.

However, our legislation allows this chartered bank to use my deposit of \$1,000, by reporting it to the Bank of Canada, and it constitutes a reserve. The chartered bank then is entitled to multiply 14 times the \$1,000 deposit I have just made into my savings account. People do not know it. They are not told about that. It is not taught in universities. It is said that the bank has to have a 6 per cent reserve. If it lends \$100, it has to deposit \$6 with the Bank of Canada.

Where does the money come from? It is not a matter of creating money, and that is not

[Mr. Caouette.]

what constitutes the basis of the present system. That basis is the following: chartered banks have the power, pursuant to the federal legislation, to increase credit irrespective of the Bank of Canada.

The Bank of Canada is not taken into account, and the Minister of Finance pretends that permission is given by the Bank of Canada. It is not the Bank of Canada which gives such permission, but the federal Parliament, pursuant to the Bank Act.

In short, if I make a \$1,000 deposit into a current account, that does not constitute a reserve. However, if I make that deposit in a savings account, that immediately constitutes a 6 per cent reserve, if the chartered bank so wishes, thus permitting it to multiply by 14 the \$1,000 reported to the Bank of Canada.

Owing to a new credit of \$1,000, the chartered bank has the power to create \$14,000 and to lend them to the Minister of Finance, who will pay on that amount an interest rate of from 8 to 10 per cent.

Such is the logic of the system. After that, one dares ask how it is that the economic renewal does not take place. It is very clear. We are stagnating. Were the financiers to ask tomorrow the Minister of Finance to reimburse the total debt of Canada, there would not be enough money and credit in circulation to do it.

Far from repaying the debt, we merely manage to pay the interest on it. We have to pay this year \$1,700 million in interest alone! It is a fictitious debt, because 80 per cent of the debt lies in accounts of the kind which I just described.

The Minister of Finance does not do anything in that respect. Why not? What are the extra-parliamentary forces which dictate the financial policy of this government?

• (2:20 p.m.)

But why not say so? I am convinced that the members of the House, as well as the people in general, would be glad to help the Minister of Finance (Mr. Benson) out of a situation as serious as the one we are facing now.

Mr. Speaker, it is true that the economic policy is contributing to increase unemployment. The Bank of Canada could help the economy to recovery and contribute to maintain a steady economic growth, for there is nothing to prevent it from doing so. It is specified in the Canada Year Book for 1969, page 1229 that the Bank of Canada is empow-