

Mr. COYNE: It is rather more than that, is it not? I do not think I have the figures on hand but my impression is that the banks total assets—

Mr. GRÉGOIRE: I do not mean the bank's total assets, I mean the total money in circulation.

Mr. COYNE: You mean the Bank of Canada's liabilities?

Mr. GRÉGOIRE: Plus the credit money.

Mr. COYNE: It depends on how many different kinds of credits add to your total. If you include commercial credit, it would be larger.

Mr. GRÉGOIRE: I do not include that.

Mr. COYNE: But commercial companies do buy government bonds and so do life insurance companies.

Mr. GRÉGOIRE: It is a little less than the total debt of the Government of Canada. Is that right?

Mr. COYNE: I do not understand the particular definition you are using to say that something is less.

The CHAIRMAN: Can I interject at this point? This is an interesting line of questioning but I would like to suggest to the committee that we are dealing with a specific matter. I want to make a suggestion which may or may not meet with your approval. It is likely this committee will have before it some wide ranging amendments to the Bank Act which it will have an opportunity to go into in detail, including the matter which you are touching upon, Mr. Gregoire, which is very interesting and important, as well as other areas which may be considered. Maybe, therefore, you would prefer to withhold this type of questioning.

Mr. LEWIS: Mr. Gregoire wants a rehearsal.

Mr. GRÉGOIRE: I would like now to put some questions regarding the operation of this particular bank, not the whole system. My argument is that the debt of the Government of Canada is higher than the whole monetary mass in Canada so that the Government of Canada will never be able to pay back its debt. Do you think it is a good idea to lend money to the Government of Canada when you know that it is impossible for the Government of Canada to pay it back? Do you think it is a good risk to lend to the Government of Canada?

Mr. COYNE: I do because the Government of Canada's debt is not payable all at one time; the payment dates are spread over 20 or 30 years.

Mr. GRÉGOIRE: Will they have to borrow to pay back?

Mr. COYNE: They could increase taxes.

Mr. GRÉGOIRE: Is that a suggestion?

Mr. COYNE: Most people would not consider it desirable. Normally they would borrow again from somebody else.

Mr. GRÉGOIRE: So to pay back its debt, the government has to borrow.

Mr. COYNE: Yes, in other words the government itself does a sort of banking business.

The CHAIRMAN: Mr. Gregoire, did you finish your questioning?

Mr. GRÉGOIRE: I have one more question.