

Bank of Canada Act

have cash reserves in excess of 8 per cent, they have a surplus of money which entails a lack of gains. And the booklet goes on to say:

Consequently, the banks waste no time in using their excess of cash to make loans or to buy bonds, thus restoring the original deposit level.

So, to increase deposits the chartered banks make loans or buy bonds. Therefore, what I have just said is confirmed not only by the minister's answers but by the pamphlet issued by one of the most important chartered banks in Canada.

When the chartered banks make loans and create credit, they do not then have the required deposits. Those come in time, not too long after, but after the loan is made. This fact has also been admitted, Mr. Chairman, and I will find the reference in the Minutes of Proceedings and Evidence. We received 30 copies of these, 10 in a jiffy, and that is why I could not find everything since we have started consideration of this bill. However, the president of the Royal Bank himself has admitted that loans precede deposits, that banks make loans before they receive the required deposits and that it is only when the loan is made that the money involved is deposited and the balance is restored.

Therefore, if chartered banks can do it, lend money without having the deposits, I ask the minister why the Bank of Canada could not do the same? Lend some money, when that money or credit represent an increase in the growth of the economy of the country. Why could not the Bank of Canada do what the chartered banks are doing, even if it does not have deposits, as it is the case at the present time for the chartered banks? And this happens each time the Bank of Canada increases its cash reserves in circulation in Canada. And these reserves, when they are directed to the chartered banks, make it possible for them to make loans that are then deposited anew in the whole of the banking system.

The argument of the hon. minister seems to be that without deposits, the Bank of Canada could not lend money. The hon. minister should look at what is now happening in the monetary system. He will notice that lending money without deposits is precisely what the chartered banks do nowadays. The Bank of Canada would do exactly the same. However, the Bank of Canada would lend this new, yearly credit for the development of Canada, whereas the chartered banks do it to involve the country in debt.

[Mr. Grégoire.]

I feel that is a good enough reason for the minister to look into the matter a little deeper and to let the Bank of Canada do exactly what the chartered banks are now doing.

Mr. Latulippe: Mr. Chairman, I am pleased to have once again the opportunity of discussing social, economic and banking matters.

We know that the purpose of the economic activities of a nation is to produce as much as possible with as little effort as possible, to enable every citizen to benefit from the progress of science and everything that exists in Canada. Does our economy give each individual what he is entitled to? I put the question to all the hon. members. Does production in Canada achieve its goal? I ask the question once more. The answer is up to you.

I could tell you that under our existing financial system each individual does not get what he is entitled to. The present system does not distribute production on the basis of Canadian units, of human beings. And yet we have a considerable production, despite credit restrictions.

The Minister of Finance and Receiver General (Mr. Sharp) said on several occasions that the world knows of no other system than the one we have; it is a nonsensical, debt-making system leading to loss-sales, credit restrictions, inflation, deflation, war, as well as to the most heinous atrocities, in every country of the world. That is what the minister wants to uphold by his false, diabolical, antisocial, unnatural, antichristian inhuman system.

Such is the system that you, members of parliament, advocate. And yet you represent the Canadian people. You were elected to put some kind of order in finance, in the nation's economy so that the economic activity can reach its objective.

But we have an old, diabolic, inhuman, antisocial system which is worthless, which does not satisfy the people, which gets them into debt, which brings upon them the worst recession, wars and all kinds of atrocities. And that is what you respect. That is what you want to save. You find that funny, but when you are called upon to account for your mandate, the work you did to remedy the present economic situation, you might not find that as funny then.