

THE SENATE

THE STANDING COMMITTEE ON BANKING AND COMMERCE

EVIDENCE

OTTAWA, Monday, March 20, 1967.

The Standing Committee on Banking and Commerce, to which was referred Bill C-190, to amend the Bank of Canada Act, met this day at 2 p.m. to give consideration to the bill.

Senator **SALTER A. HAYDEN** in the Chair.

The **CHAIRMAN**: I call the meeting to order. We now have to consider Bill C-190. I wonder whether in the circumstances the committee feel we should have a *Hansard* report of the proceedings.

The committee agreed that a verbatim report be made of the committee's proceedings on the bill.

The committee agreed to report recommending authority be granted for the printing of 800 copies in English and 300 copies in French of the committee's proceedings on the bill.

The **CHAIRMAN**: We have with us Mr. J. R. Beattie, Deputy Governor of the Bank of Canada. Would the committee like to have a general statement of the intent and purposes of these amendments? We also have Mr. G. K. Bouey here as an adviser.

Mr. J. R. Beattie, Deputy Governor of The Bank of Canada: Mr. Chairman, a general statement regarding the proposals in the bill can be very brief and straightforward. The proposals cover, first, the general position of the central bank within the broad framework of Government policy. There are some amendments relating to the technical powers with regard to the operation of monetary policy, and there are some quite minor matters of housekeeping, some dealing with clauses which have become anachronistic or which are no longer relevant.

The amendment relating to the position of the central bank within the broad framework of Government policy is the one which occurs in clause 6 of the bill, C-190, which lays down certain conditions regarding the relationship between the minister and the governor with respect to consultation, and which gives the minister the power to issue a directive to the governor after further consultation and with the approval of the Governor in Council, and lays down conditions under which it shall be made public immediately.

This amendment, in our opinion, does not change the basis on which things are operating, and have been operating, but it gives it clear legislative recognition. We do not regard this as detracting from the ability of the central bank to operate without being subject to day-to-day political pressure, but it recognizes something that has always been recognized by the bank, and that is that in a democratic country the Government must be satisfied with monetary policy, and if there is any difference of opinion between a government and the bank, the view of the Government must prevail with appropriate conditions for publication in regard to any differences that there may be.

I would regard this amendment really as removing any possible future grounds for doubt about the relationship rather than as changing the relationship.