

*Bank of Canada Act*

I deplore the fact that there is so much credit, because when one has to borrow from the bank creating the credit to purchase goods, it then makes all the difference in the world, as far as the people and the federal government are concerned. As a matter of fact, when you have to borrow from the very banks that create credit, you pay a high rate of interest, and as banks are creating the credit, the system is working to their advantage, for the more money they lend the more money they make.

Consequently, if the minister, who has the authority to do so, were to organize a system whereby the Bank of Canada would create credit, neither by instinct nor on the flair of the minister, but in a scientific way, based on possibilities and on Canada's production, on the work done by Canadian citizens, then the individual would not have to go to finance companies or banks, which create credit, to purchase everything he has already produced. The Bank of Canada would then create credit and it would be beneficial to the whole country, to all Canadians. But as the minister is against the Bank of Canada creating credit, I say there must either be a complete lack of knowledge of what is going on in our monetary system or there is some amalgamation or participation with the chartered banks to exploit the people.

As reported on page 3030 of the Minutes of Proceedings and Evidence No. 44, dated Tuesday, February 7, I directed the following question to the minister:

If the Bank of Canada was creating that money instead of the chartered banks, would not the government of Canada then, and all other public governments, be entitled to borrow directly from the Bank of Canada—

Please note, Mr. Chairman, that I said "the government of Canada and all other public governments". I am not including individuals or private enterprises. I said:

—the government of Canada then, and all other public governments, be entitled to borrow directly from the Bank of Canada on a debt free system instead of going to the chartered banks to borrow the money the chartered banks are creating?

Yet, the Minister of Finance had stated the day before:

In my opinion, Mr. Grégoire, that would not be good public policy. I would consider it a very inferior type of system and one that would not serve the public as well as the present system of banking.

But, Mr. Chairman, who does the present system serve? It serves the big bankers, the

big capitalists. The Minister said so as evidenced by an answer he gave to a question put by the hon. member for Compton-Frontenac, which I quoted earlier:

The system used to create credit is well known. Banks grant loans.

That is the way credit is created. Whenever the federal government needs money, it goes and borrows from the chartered banks; the banks lend it money, thus creating credit and money.

We ask the minister. Why could the Bank of Canada not lend the funds instead of the chartered banks, no more no less, but the same amount? Why could it not be the Bank of Canada which would create credit instead of the chartered banks? That is what the chartered banks are doing at the present time.

The Minister of Finance answers:

In my opinion, Mr. Grégoire, it would not be a good policy.

Indeed, a good policy is one which makes the banks rich; to try and prevent the people from Quebec from paying as much in taxes, to make them pay only interest, no, that is not a good policy.

The good policy is: enrich the banks.

Why? I would like to know why the government—I mean any of our governments since 1934—has been so anxious to enrich the chartered banks by leaving with them the exclusive privilege of creating money?

At one time, I have asked the Minister of Finance the following question, which appears at page 3030:

Can the trust companies and the savings banks do the same kind of operations?

In other words, can they create money too? To that, the minister answered:

I doubt it very much.

He doubts it very much, but he knows very well that it is not so.

Chartered banks are the only institutions in Canada that have the exclusive power and the privilege to create credit in debt form.

And the minister agrees with that. The system used to create credit is very well known, the banks make loans; that is the system for credit creation.

The Minister of Finance agrees that savings banks cannot do it. Credit unions cannot do it; the Bank of Canada is unable to do it; not even himself or the government can do it. Only the chartered banks have the right to create credit.