

Bank of Canada Act

an absolute control over that company? Unless words have lost their true meaning, you will answer me that it is absurd. However, that is what the the government would like us to believe as far as the Bank of Canada is concerned.

I do believe that honest practitioners would find it somewhat difficult to give a definition of the Bank of Canada, in order to emphasize the meaning sought by the financiers and their accomplices, the ministers of the crown.

Some compare it to a clock and Mr. Towers, a former governor of the Bank of Canada, stated, as recorded on page 32 of the 1956 committee report:

The policy of the Bank of Canada can but influence the conditions, how could I put it? It may tend to make borrowing easier and less costly, or more difficult and more expensive.

Therefore, according to Mr. Towers, the Bank of Canada makes its control conditional upon indebtedness only. That is the very basis of our monetary system.

And it is precisely owing to that control over indebtedness that the Bank of Canada has unlimited powers to provide the chartered banks with the opportunity of getting into debt the whole country and its inhabitants. The Bank of Canada is therefore an indebtedness agency.

And, once more, I base my statement on what Mr. Towers said. As shown on page 138 of the same report, Mr. MacDonald asked him whether at the present time that power was curbed and Mr. Towers stated magnanimously that the resignation of the governor of the Bank of Canada would be the only curb.

But then what are the special powers of chartered banks? They will only have to maintain an average of 6.6 per cent of their deposits in the Bank of Canada during any month of the year. I stated that it was an average, because if the term seems to be unimportant in itself, practically it has some serious consequences.

In fact, I believe that it is not wrong to say that most of the time, the reserve of chartered banks will be lower than the average standards.

Can you imagine that? When chartered banks lend you \$100 for example, they will only have \$6.60 in the Bank of Canada. They create out of thin air, with the stroke of a pen, the amount of \$93.40 which they do not have. But they will charge you 8 and even 9 per cent, since the ceiling has been abolished, on your \$100 loan.

In brief, the \$6.60 will produce \$8 and \$9 at the end of the year, and that with the help of the Bank of Canada.

No wonder foreign financiers own 80 per cent of Canada. Finally, if we persist in keeping such a ridiculous system, in ten years or less, financiers, owing to chartered banks, will own 100 per cent of this country. A striking proof of such progress may be found in the speech delivered on February 16, 1967, by the hon. member for Portneuf (Mr. Godin). Here is what he said, as can be seen on page 13124:

True, the financiers are getting more and more prosperous but Canadians have never paid so many taxes.

Let us no longer try and persuade the public that our monetary system is the soundest of all on account of the presence of the Bank of Canada, the government's sentinel. Those who are not unduly impressed by the billions of dollars imposed by the old parties are becoming rapidly aware that this so-called sentinel is nothing but a dummy. A firm grasp of facts may be had by listening to the wishes expressed by hon. Mr. Macnaughton, former speaker of the House of Commons, at the time he was a member of the committee on banking and commerce, in 1954:

Now and forever, I believe, it seems that if we succeeded in—

• (4:10 p.m.)

[*English*]

The Chairman: I must advise the hon. member that the time allotted to him has expired.

Mr. Patterson: Mr. Chairman, I appreciate the opportunity of taking part briefly in the debate this afternoon on Bill C-190, an act to amend the Bank of Canada Act. The points I wish to raise this afternoon do, or should fall within the jurisdiction of the Bank of Canada. First of all I would like to refer to the speech of my colleague, the hon. member for Okanagan-Revelstoke, who raised a number of pertinent questions on Friday and placed before the committee in a very capable manner some of the main issues that confront the country with regard to the Bank of Canada and its policy.

This afternoon I wish to mention, first of all, one of the matters which he raised, namely, the monetary policy of this country. I would also like to deal briefly with something which I believe should be considered as a function of the Bank of Canada, the provision