



STATEMENTS AND SPEECHES

INFORMATION DIVISION
DEPARTMENT OF EXTERNAL AFFAIRS
OTTAWA - CANADA

No. 54/45 THE BANK OF CANADA: THE FIRST TWENTY YEARS

An address by the Governor of the Bank of Canada,
Mr. Graham Towers, to the Canadian Club, Montreal,
October 18, 1954.

It seems to me that some people have come to the conclusion over the years that we in the Bank of Canada are a pretty uncommunicative lot; in fact, if I recall correctly, I saw a newspaper story not many months ago which described our performance in this respect as "clam-like". Well we don't particularly want to be "clam-like" and it may be that we could have been more forthcoming that we have been, but I am sure that our sins in this matter do not arise from any simple reluctance to talk. I for one am pleased to talk whenever I can find anyone to listen - as you are so kindly doing today. But there is the difficulty, of which I am acutely aware, that description of Bank of Canada activities can become very technical and therefore rather dull for those who have not a professional interest in the subject. This may be the main reason for that predilection for silence which is often said to be the occupational disease of central banking. On this occasion, however, I am going to set aside my fears and talk to you about some of the things that have occupied the Bank of Canada over the years.

The Bank is now within a few months of its twentieth birthday for it first opened its doors for business on March 11, 1935. Organization of the Bank had been commenced in very humble surroundings about four months before that date. Early in November 1934 the Government kindly lent us a room in one of its buildings, also a desk and two chairs. At that point the number on the staff was one. I still don't know just how we managed to start business some four months later. Looking back on that time my main feeling is one of thankfulness for the calibre of the men whom we were able to attract to our service - men who left interesting and worthwhile jobs to take their chances with a new and untried institution.

Many of you will remember very well indeed the scene that lay before us in the spring of 1934. It was not a pleasant one. For years the level of economic activity in the country had been unhappily low and the level of unemployment unhappily high. Looked at from the financial side perhaps the outstanding feature of the situation was the burden of debt which rested upon all the groups in the community - farm and urban, business and government. In most cases the debt was inherited from the 1920's and a very large part of it was in the form of bonded and mortgage debt and as such carried fixed interest charges. The very sharp fall in prices