

*Bank of Canada Act*

**Mr. Knowles:** That is not the way I heard it.

Clause agreed to.  
 Clause 22 agreed to.  
 Clause 1 agreed to.  
 Title agreed to.  
 Bill reported.

**The Acting Speaker (Mr. Richard):** When shall the said bill be read the third time?

**Mr. Knowles:** By leave, now.

**Mr. Sharp** moved the third reading of the bill.

Motion agreed to and bill read the third time and passed.

**BANK OF CANADA ACT**

AMENDMENTS RESPECTING DIRECTION OF MONETARY POLICY, CASH RESERVES, ETC.

The house resumed, from Thursday, March 9, consideration in committee of Bill No. C-190, to amend the Bank of Canada Act—Mr. Sharp—Mr. Richard in the chair.

On clause 1.

**Mr. Johnston:** Mr. Chairman, I recall that I was the last person recognized yesterday before a question of privilege was raised. I appreciate the opportunity of saying at this time what I was unable to say yesterday.

I should like to refer to three things in this bill which please me in a way. One thing the bill does is spell out once again very clearly the responsibility of the federal government for regulating the monetary policy of the nation. This is something which needs to be reiterated throughout this country at all levels of government. We have been going through a period of tight money and are still doing so. It is too often assumed that situations of this kind come about accidentally. It is not sufficiently realized that a direction can be given which will result in tight money at times and that another direction can be given which will ease the money supply. Every time we enter a period of tight money we pay for it. We pay for it years later in terms of development which has been unrealized, particularly in the public field, in the hospitals and schools which were not built because of the tight money situation.

Decisions made at the federal level extend to the provinces. Often I have met people in British Columbia who wonder why development has been slowed down and why the province does not do something to speed it

up. One cannot repeat too often that monetary policy is a jealously guarded preserve of the federal authority. One thing this bill does is to make this proposition very clear. Now we cannot even foist the blame upon the governor of the Bank of Canada. It has become obvious that he acts under the direction of the federal minister of finance. So it is clear that it is the government's duty to formulate monetary policy.

• (3:50 p.m.)

In this connection I quote from a maritime publication rather than from a British Columbia publication. I refer to the *Fundy Fisherman* of May 25, 1966, which carried an editorial dealing with the whole question of monetary policy and tight money. It said:

The government's duty is to govern—not to abdicate the power of government to the power of money.

The government's duty is to make certain that money is available for essential services, for housing, hospitals, schools, wharves, bridges, highways, etc.

The government's duty is to make certain that the productive industries of the land have the money and credit to expand to provide employment and to provide goods for trade. The products of the mine, the farm, the forest, and the sea, provide the wealth of Canadians, and the employment for Canadians as they pass through the several stages to consumption.

I think this quotation points up the idea I have in mind and that is put forward so clearly in this bill.

The other point in the bill about which I have waited some time to speak is the reference to the International Monetary Fund and the fact that the Bank of Canada is the agency through which we have contact with the International Monetary Fund. I recall the bill that was introduced almost a year ago when a decision was made to increase the Canadian contribution to the International Monetary Fund. I recall sitting in the house on the afternoon that bill was suddenly introduced with no advance warning to this party. The Conservative spokesman, the hon. member for Edmonton West, said that his party had nothing to contribute on the bill and the N.D.P. spokesman, the hon. member for Burnaby-Coquitlam, said that his party had nothing to say on it either. As it happened, I was the only Social Credit member in the chamber, and I am afraid I was struck speechless at the thought that the parties which like to consider themselves the major opposition parties had nothing to say about a bill as significant as one to increase the Canadian contribution to the International Monetary Fund. And so