

and municipal securities that are now in our banks are drifting in there to wipe out bank loans, or bank over-drafts. They are not increasing, as the bankers sometimes claim, the volume of purchasing power in circulation. When acquired in this way they become frozen credits in the banks' repository of credit. That is bound to happen. If you set up a national banking system you issue your own credit, but you issue it in the form of money or credits that are transferable by cheque. You issue it in the form of credits such as are now established in your banking system. Suppose you pay a pension—and you can pay decent pensions if you will administer your own credit—and you give a man a cheque for a pension drawn on the national bank, the same cheque that is to-day drawn on the Royal Bank or the Bank of Montreal, or whatever private bank has the privilege of handling funds of the department involved. What does the man who gets that pension cheque do with it? He takes it down and pays his bills with it. He hands it over to his grocer. What does the grocer do with the cheque? He puts it in the bank, and as the result of transfer of accounts he has a deposit account, and so credit circulates just as your 50 cent coin circulates; because once you set that bank deposit system up get it in circulation, it goes along from person to person to and from generation to generation.

By the Chairman:

Q. Mr. McGeer, may I interrupt you a moment; about how much longer will you be, because I do not think we can give you very much more time?
—A. Well, you can cut me off any time you want to.

Q. I suggest that you might wind up your statement. If you have it in writing, you might perhaps do as much as you can. We don't want to shut you off, but we can't give you an unlimited time.

Mr. IRVINE: Give us your other three points.

Mr. EULER: I suggest he be given a chance to develop his plan.

The CHAIRMAN: I want to do that, but it is now nearly one o'clock. I suggest that he continue and give us his plan.

Mr. EULER: Yes.

The WITNESS: If you care to adjourn now, I will probably be able to put it in definite form by the time of your meeting, Mr. Chairman.

The CHAIRMAN: Couldn't you give it to us now? You have it in writing, I understand?

The WITNESS: No, I have not got it in writing.

The CHAIRMAN: Would you indicate about how much longer you will be?

The WITNESS: Well, I should think I would be able to explain that plan definitely inside of an hour.

The CHAIRMAN: Well, we will adjourn until four o'clock.

The committee adjourned at 12.55 p.m. to meet again at 4 o'clock p.m.

AFTERNOON SITTING

The committee resumed at 4 o'clock.

The CHAIRMAN: Mr. McGeer will proceed with his plan.

The WITNESS: Mr. Chairman, at the noon-time adjournment I pointed out that the remedy I suggested was based upon a four-point plan; these four points are:—

1. A national banking system controlling the issue of all currency and the monetization and issue of credit transferable by cheque.

[Mr. G. G. McGeer]