

Mr. Speaker, I should like to direct this question to one of the other ministers who may take it as notice. Will the minister take up with the officials of Air Canada the very serious problem being caused in Edmonton by the revised Air Canada winter schedule, which has the effect of reducing that important metropolis to a state of semi-isolation?

### THE BUDGET

#### ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed, from Thursday, October 31, consideration of the motion (page 1677) of Hon. E. J. Benson (Minister of Finance) that Mr. Speaker do now leave the chair for the house to go into committee of ways and means, and the amendment thereto of Mr. Lambert (Edmonton West) (page 2262), and the amendment to the amendment of Mr. Saltsman (page 2276).

[Translation]

**Mr. Henri Latulippe (Compton):** Mr. Speaker, when the budget debate was adjourned last Thursday, I was saying that the Bank of Canada puts up about \$3 billion in money and bank notes as the basis of a money supply that can be handled and seen in part.

As far as financial credit is concerned, it is made up by the figures entered in bank accounts and really made up by the bankers for a loan or a bond issue for trade, industry and public institutions. Those amounts of bank credit—financial credit, banking entries—add up now to \$24 billion, in addition to the \$3 billion in bank notes of the Bank of Canada, and that means eight times more bank credit than visible credit.

Visible credit, Mr. Speaker, is made up of the \$3 billion in capital really created by the Bank of Canada and put in circulation through the chartered banks.

When the amendments to the Bank Act were considered by the committee on finance, trade and economic affairs, the then minister of finance of Canada (Mr. Sharp) did say that the chartered banks issued credit money in that way in considerable amounts to meet the economic needs of the country.

When I asked him if the Bank of Canada or the government could issue that credit money totalling \$24 billion as well as the first \$3 billion in bank notes that can be seen and handled, he answered in the affirmative but added that the present method was deemed more satisfactory, namely letting the chartered banks issue that additional credit money

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according to the procedures legalized by the government of 264 members elected by the people of Canada.

That very exchange between the former minister of finance and myself can be read on page 1732 of the proceedings of that committee.

When one is aware, Mr. Speaker, of the importance of currency, money, credit and capital in the administration and control of the economic life in Canada, when one is aware of the fact that the same chartered banks can issue eight times more money credit than the Bank of Canada, that is about \$24 billion against \$3 billion, it is easy to understand why in the current business life, the 300 chairmen and directors of the eight chartered banks in Canada are also directors of the 800 largest companies, corporations and millionaire institutions in Canada.

● (3:30 p.m.)

Mr. Speaker, in view of those facts and evidences, there are only two things we can do with the present system: either borrow from a bank and get into debt in the process, or impede progress by restricting economic activity. These are the only solutions for the government as well as for individuals.

This is why, Mr. Speaker, municipalities, school boards, federal and provincial governments are always short of money or get heavily into debt with exorbitant interest rates.

I have on hand a few examples of exorbitant interest rates requested from cities, municipalities, school boards, provincial and federal governments. Indeed, I read this in the newspaper *La Presse* of October 30, 1968.

The town of Saint-Jean sold a bond issue worth \$480,000 at 7½ per cent for ten years to an investment company. However, the town only receives 96 per cent of the amount on which it pays interest, or about \$460,000. The actual interest rate on this loan therefore amounts to about 8.4 per cent. In ten years, the town pays \$360,000 in interest, or 75 per cent of the full amount of the \$480,000 loan.

Capital	\$480,000	Amount received (96%):	\$460,000
Interest	\$360,000		

Total      \$840,000 paid back in capital plus interest.

That, Mr. Speaker, is ridiculous. That is why we have no choice in Canada but to go into debt and to pass on the burden to the school boards, municipalities, provinces and even to the federal government. It will never change, because we accept these exorbitant interest rates and because we allow municipalities, school boards and provinces to be exploited in that way. That is one of the