

make social allowances to those impoverished by the system.

After the World War I, the total national debt in Canada was approximately \$1,500 million. In 1960, it had reached \$12 billion and in 1971, \$24 billion, constantly increasing. Probably 80 per cent of the debt was created by the system mentioned earlier, that is by money created from nothing by banks and loaned to the country for the purchase of bonds, treasury notes and other securities.

Mr. Speaker, I would like to make an analysis and give evidence of the state of affairs shown in the budget papers the Minister of Finance presented on last June 18, particularly Table 58, on page 126, as follows:

Deficit of the Federal Government	
1961-62	\$791 million
1962-63	692 million
1963-64	619 million
1964-65	38 million
1965-66	39 million
1966-67	422 million
1967-68	795 million
1968-69	576 million
1969-70	393 million
1970-71	370 million
1971-72	750 million

This means that the net debt, as at March 31, 1970, of \$16,943 million increased to \$17,360 million the following year for a gross deficit of \$42,965,500,000.

The net debt, Mr. Speaker, over the period between 1967 and 1971, increased by \$421 million in 1967, \$794 million in 1968, \$576 million in 1969, \$392 million in 1970 and \$417 million in 1971.

Mr. Speaker, let us stop and consider for a moment—and that is the main point that I should like to make in this outline—the interest of this debt which cost \$1,880 million in 1970-71, that is \$5,150,684 per day and which has increased to \$2,030 million in 1971-72, that is \$5,561,643 per day.

It is not true, Mr. Speaker, that this interest goes to individuals. Half of it is paid to the banking system. One can find a proof of this on page 56 of the Budget Papers, especially in Table 14, "Distribution of Government of Canada Debt", and I quote:

	(Millions of dollars)
1. Treasury bills	
Banking system .....	1,381
General public .....	549
2. Market issues	
Banking system .....	4,421
General public .....	6,937
4. Total government of Canada debt	
Banking system .....	5,802
General public .....	11,080

Mr. Speaker, what is implied in this table? It shows that in 1960, the banking system held \$1.381 billion in treasury bills and that this amount had jumped to \$3.366 billion in 1970, a difference of \$1.985 billion.

On the other hand, individuals held \$549 million in treasury bills in 1960 and the figure had gone down to \$218 million in 1970, a decrease of \$331 million. If we look at the issues on the bond market, we notice the

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same trend. In 1960 there were only \$4,421 million in bonds within the banking system. That amount has increased by \$3,148 million in 1970 and attained \$7,569 million.

However in 1970 the general public held only \$6,184 million in Canada bonds, a decrease of \$753 million within ten years.

Indeed the public, which had \$3 billion in savings bonds, now has \$7 billion.

On the whole however, Canadians held \$11,080 million in public securities in 1960 as compared with \$13,804 million in 1970.

On the other hand, the banking system, which held only \$5,802 million of the public debt now holds \$10,935 million an increase of \$5,133 million.

Which means, Mr. Speaker, that within 10 years the banking system doubled its assets in Canadian bonds and treasury bonds, and now holds more than 40 per cent of the debt, while it had only about 34 per cent.

It also means that out of the \$2 billion Canadian taxpayers will pay in interest this year, the banking system will get more than \$800 million, profits drawn out of nothing of about \$2,500,000 a day for Canadian bankers.

The minister himself admits it as can be seen on page 56 of the Budget Papers, and I quote:

During the past decade, of the \$7.9 billion raised by the issue of Government of Canada securities, the banking system, that is the Bank of Canada and the chartered banks, absorbed all the marketable bonds and Treasury bills issued as well as a reduction of over \$1 billion in holdings of all others.

Mr. Speaker, that is what the minister said. In other words, the banking system benefits from the billions of dollars paid every year by Canadian taxpayers for debt service.

To say it more clearly, it means that since banks create money or their means of payment out of nothing, except by means of accounts and cheques they draw upon themselves, it enables them to buy treasury bonds and Canada savings bonds with pieces of paper which do not cost them anything. And all the taxes and surtaxes we are paying are used and will be used more and more to pay ever higher annual amounts in tribute money to the banks and to increase the discretionary and totalitarian power they have on the life of everyone, on the life of institutions and governments whatever they may be.

If the Canada bonds, the treasury bonds and other securities bought by the banks had all been credited to the Canadian public since 1960, nearly \$10 billion, as the hon. Minister of Finance said, would have been capitalized in the name of the Canadian taxpayers. However, if all the securities had not been registered in the name of the banks since confederation, the national debt would not exist and the national assets of Canadians would be over \$42 billion rather than a \$42 billion debt. Moreover, instead of paying taxes to reimburse banks and pay them \$2 billion in interest each year, Canadians would be paid annual dividends.

Mr. Speaker, we could switch from liabilities of \$42 billion to assets of \$42 billion and this would bring