

APPENDIX No. 130 81-84

Q. I think you stated this morning that only once in your memory has the rediscount rate, or the rate of interest charged for advances under the Finance Act been different from five per cent? Is that right?—A. Yes.

Q. I think you also stated this morning that on no occasion that you recall was the matter discussed in the Treasury Board, as to the propriety of altering the rate of interest. Is that right?—A. Yes. I may say, if you are going to find fault with that, I would be the one to blame. I have not seen the necessity for suggesting it to the Chairman of the Treasury Board.

Q. As a matter of practice, your suggestions and advice on these matters and these questions have been accepted by the Treasury Board, have they?—A. I am rather in the habit of saying a good many things, but they are not necessarily accepted.

Q. In regard to the rate of interest under the Finance Act, do you recall any instance when any member of the Treasury Board suggested a modification of the rate?—A. No.

Q. And you never suggested it yourself?—A. No, I did not.

Q. Do you recall a condition of inflation during the years, say, from 1917 to 1920, in this country?—A. I do, but I was not Deputy Minister then, and I was not so vitally concerned in these larger questions of finance as I would be to-day.

Q. However, you recall the fact?—A. Yes, I know.

Q. Do you recall the fact that there was a deflation began in 1920, and continued for a year or two?—A. Yes.

Q. Do you think it might have been good policy on the part of the Treasury Board to have lowered the rediscount rate from 1920 on, in order to assist the banks in carrying their customers and preventing the catastrophes that occurred?—A. Mr. Good, in my judgment, especially after I took the office of Deputy Minister of Finance, the banks had margin enough between five per cent and what they would probably charge their customers to interest them in taking charge of their customers and not allowing them to suffer for want of assistance.

Q. You think, then, that no customers did suffer during that period from pressure of the banks?—A. I have no knowledge of it.

Q. You have no knowledge of any distress caused throughout Canada by pressure from the banks during that period?—A. No.

Q. In your position you would not be in the way of getting any such knowledge?—A. No.

Q. Not even from reading the newspapers?—A. I do not take the newspapers very seriously.

Q. Do you state to this committee that you have no knowledge of the charges, if you like, or the protests being made by producers and merchants against the policy of contraction of credit during these years?—A. Oh, yes, I knew the banks were restricting their credits to conserve themselves, one might say.

Q. Did you think that policy of contraction was advantageous to the country, or had you no information on that point?—A. I am rather inclined to think—I am not an expert in it—that if the banks did not save themselves, if they allowed themselves to extend credit, and then went up, it would be more damage to the country than any damage which might occur through restricting credit.

Q. But you are not prepared to admit there was any damage done by the rapid contraction of credit during that period. Do I understand you to say that?—A. I would hardly like to give that as an answer; I would hardly like to give my opinion in that respect.

[Mr. J. C. Saunders.]