

If we add to the power of Sir Herbert Holt which Mr. Grattan O'Leary has so well described, the power wielded by the other kings of finance in Canada, we will have a better idea of who really are in control of the destinies of this country. I am not criticizing these men who happen to be in that position, I am trying to describe the existing situation. If I were to indulge in any criticism I should like to make it constructive, and I should like to see that situation corrected.

While I am on that point might I say that from 1930 to 1932, I think the date is March in each year, there was a shrinkage of \$100,000,000 in call loans in Canada. Other current loans fell by \$267,000,000, but loans made to directors and firms in which they were partners actually show a slight increase. Such loans amounted to \$20,400,000 in 1930 and to \$20,800,000 in 1932. I do not make any particular objections to these loans being continued during those years; all I do object to is the fact that a different policy seems to have been carried out in connection with some of the other debtors of the banks. The large industries in Canada that are not controlled by the banks appear to be controlled from the United States. The large industries in the United States seem to be controlled by the banks, in fact the process seems to be going on in every country. I have here an excerpt from the evidence given by Mr. Frey before a sub-committee of the judiciary of the United States senate on January 27, 1932, on bill No. S5267. It is pointed out that the sixteen leading private bankers in New York city held 996 directorships in miscellaneous corporations, and that the eight leading banks in New York city, through their directors, held 3,741 directorships in other banks, public utilities, insurance companies, manufacturing, transportation and miscellaneous corporations. Among the big three in New York is the National City Bank. I do not know whether or not there is very much connection between the big three in the United States and the big three in Canada, but I do find that the National City Bank of New York controls the National City Company of Canada. The chairman of the board last year, when this statement was made out, was Mr. Charles Mitchell, president of the National City Bank, who obtained so much notoriety last year through the investigation carried on in Washington. The following bank directors were members of the advisory board of the company, whose head office is at 360 St. James street, Montreal. Sir Charles Gordon, W. A. Black, F. E. Meredith, Lieutenant-Colonel Herbert Molson of the Bank of Montreal; Sir John Aird, president of the Canadian Bank

[Mr. Coote.]

of Commerce; W. L. Matthews, director of the Dominion Bank, and Hon. J. M. Wilson of the Banque Canadienne Nationale.

I am informed, Mr. Speaker, that the directors of the three big banks in Canada and their affiliated trust companies hold 832 directorships in the principal business concerns of Canada, and no one can study the list which I have placed on Hansard without being impressed with the power vested in this group of men. They really hold the power of a dictatorship, if you like, over our economic life, and the building up of this powerful trust has been facilitated by bank mergers. I think some provision should be inserted in the act to prevent any more of these mergers taking place in future.

I do not believe the power held by these men has always been used wisely. I think they, in the exercise of their power, have disregarded national needs. They expanded credit unwisely and unnecessarily between the years 1926 and 1929, but since the fall of 1929 they have cancelled that credit to a vast extent. In four years, as the Secretary of State pointed out, it was brought down by \$932,000,000. The hon. gentleman stated that current loans and discounts of the Canadian chartered banks had been reduced by \$932,000,000 in the four years from September 30, 1929, to September 30, 1933. This would indicate that industrial and commercial activities in Canada have been reduced by forty per cent since September, 1929. It is worth pointing out that the holdings of government bonds by the banks during the same period has increased by eighty per cent. On October 31, 1929, the current loans and discounts, which I should think would be the commercial loans in Canada, amounted to \$912,000,000, and on the same date the bonds held by these banks amounted to \$881,000,000. In other words, the current loans and discounts exceeded the bonds held by only \$31,000,000. It would appear that the banks are becoming investment trusts instead of commercial banks; that is the way I interpret that evidence. As we know, banks have practically ceased to finance agriculture and it would seem that the government must set up some other institution to finance our farmers, and possibly to finance industry as well, when you take into consideration the great reduction in loans to industry.

The situation in regard to municipal financing is almost as bad. In a submission made to the banking commission by the city of Calgary it is pointed out that the banks are charging interest at the rate of from 5½ per cent to 6 per cent to our larger municipali-