

Bank Act

Here we revert to the principle of savings. They are merely cash reserves which, as my colleague from Lapointe (Mr. Grégoire) said this afternoon, make it possible, under the Bank Act, to multiply by 12, and even sometimes by $14\frac{1}{2}$ if the cash reserve is lowered from 8 to 7 per cent. That is giving the chartered banks a greater possibility than the one they already have to create more money and get 6 per cent interest on loans extended through mere consent, and even more if the right of banks to lend on mortgages is extended.

This multiplication of credit is striking when one considers that it necessarily results in the piling up of debts.

This afternoon, the hon. member for Edmonton West (Mr. Lambert) was proud to mention that Canada has the best banking system in the world. Perhaps it would be wise for him to look at the situation of consumers and Canadian wage earners to whom chartered banks refuse loans which they need to get immediately the things they cannot pay for with the savings they would have accumulated one, two or five years before, if they had not been so heavily taxed, which compelled them to buy on the instalment plan.

I have here the report on general indebtedness of the Canadian people:

At the end of April 1963, Canadian consumers owed \$745 million to finance companies for consumer goods; \$393 million for purchases of commercial goods; \$580 million to small loan companies; \$36 million for goods bought on the instalment plan; \$366 million to departmental stores; \$181 million to stores selling furniture and electrical appliances; \$1,544 million to banks for personal loans.

Such was the situation of the little people, who buy the things they need in chain stores and small local stores and who must get loans from finance companies.

Just yesterday we received the report of the operations of small loans companies and money lenders for the year ended December 31, 1963. We noticed that the number of loans granted increased considerably, because those small companies opened new branches throughout the country. The increases are rather heavy for the few years covered by the report: from 1961 to 1963 the number of borrowers whose loans did not or practically not exceed 1,500 amounted to 1,169,699 out of a population of 20 million Canadians. If you take out the old people and children under 20, I assure you that you get quite a high percentage of heads of families who are obliged to seek help from those loan sharks.

In 1963 the number increased rather considerably since 1,380,000 people borrowed from these companies a total of \$769,648,673. And these are not loans at 5, 6 or 7 per cent interest, but loans at 12, 18, 24 per cent and sometimes even more.

How many small businesses are denied loans by banking institutions, which, nevertheless, increase their assets at approximately the same ratio as the increase in public and private debts in Canada.

For the enlightenment of those who, in a few years from now, will read *Hansard* and see how our wise administrators, the Minister of Finance and his supporters, could boast on May 6, 1965, that the Canadian banking system is the best in the world, I shall give an account of the federal financial situation for the year ended on March 31, 1961.

I have here a table showing the federal financial situation from 1868, that is, the first balance sheet after confederation, up to 1961. It is very interesting to note the increase of debts.

At the end of the year 1868 the net debt amounted to \$75,757,135, whereas in 1961 it had reached \$12,437,115,095.

Let us look at the per capita debt. This is something rather interesting, because we see that as this country develops, as it gets better in the field of productivity, as science progresses for the benefit of humanity, debts are increasing under the best banking system in the world.

● (8:30 p.m.)

A fine progression indeed. In 1868, the per capita debt was \$21.58. It increased to \$47.18 in 1911, to \$773.59 in 1952, and, in 1961, it had reached \$684.56. Quite a nice progression in the field of per capita debt. Under this system, the government, instead of using its sovereign authority on its own institutions, the Bank of Canada continues in 1965 its revision of the Bank Act, whereas such revision should have normally taken place in 1964, but we had to wait for the report of the Porter Commission to establish future data and future guidance.

Instead of using its authority, according to the resolution now under consideration, the government seemed to favour this system which they are fond of considering as the best banking system in the world. However, the power to impose interest, this scourge of contemporary society—an ever increasing power—belongs to a small clique, whose financial influence becomes stronger and who