

Bank Act

Some hon. Members: Agreed.

[Editor's note: The table referred to above is as follows]:

day. I apologize to the hon. member for not hearing his request, and I would now ask the committee whether it gives its consent to having this table printed in *Hansard*.

[Translation]

DIFFERENCE BETWEEN THE TWO METHODS

Finance Figures in both Cases: For the People—or for Financial Institutions

	Bank of Canada	Chartered banks
Bond issue: Capital issued	\$20,000,000	\$20,000,000
Reimbursement at 5%; or Interest at 5%: 1 year:	\$ 1,000,000 in cap.	\$ 1,000,000 in int.
After 10 years: capital or interest:	\$10,000,000 in cap.	\$10,000,000 in int.
After 20 years:	\$20,000,000 in cap.	\$20,000,000 in int.
Case one: Hospital entirely paid for:		
After 30 years: at an annual interest of 5%		\$30,000,000 in int.
After 40 years: at an annual interest of 5%		\$40,000,000 in int.
Bond redeemable in 40 years		\$20,000,000 in cap.
The same hospital costs \$60 million, in capital and interest:		<u>\$60,000,000</u>

Mr. Latulippe: I was saying that after 40 years—to clarify the matter, Mr. Chairman—the \$20 million bond becomes due, but since the government cannot pay, having disbursed \$40 million in interest at the annual rate of 5 per cent, it must renew its \$20 million bond according to the new terms of the creditors, capitalists, bankers or others, and according to the new conditions of the bond market, which may mean a rate of 7 per cent. You no longer see where the greed of those people who realized profits and pleased their gods and their golden calves will stop, especially when they know that the people are the ones who pay the interests and the capital.

Mr. Chairman, I need not say more to make clear the great importance of interest on self-generating capital in the machinery of our monetary, political, Canadian, capitalist and orthodox economy.

Nevertheless, that is the reason why, in matters which concern us, such as the study of a 6 per cent interest rate ceiling on bank loans, we can conclude that it is necessary to continue the game of interests to preserve the established system. At least, with our present knowledge, we can prevent the damage from spreading; we must take steps,

set up new barriers and above all keep from removing those which already exist, such as the ceiling of 6 per cent on the interest rate.

One can talk indefinitely about this game of interest and its harmful consequences on the national economy and the social welfare of each citizen of this country.

Since I am speaking to ministers and members of parliament, I think they will be able to draw their own conclusions from those very precise facts, reduced to their simplest expression, which I have just brought to their attention.

● (3:30 p.m.)

As for bank reserves amounting to 5 per cent in 1933, which were brought up to 8 per cent lately and which are supposed to be brought down to 7 per cent, I suggest that we increase progressively those reserves at a rate of 10 per cent per year, so that in 10 years, they will be equivalent to 100 per cent of the deposits; thus, the chartered banks will lose progressively the privilege to create new credit, as they lost, in 1933, their privilege to print their own bank-notes. On behalf of the people, the Bank of Canada will use all its privileges to issue all the currency necessary to the Canadian economy and to the welfare of all the Canadian people.