

Mr. MACKENZIE KING: What about thirty minutes?

Mr. BLACKMORE: I do not mind, but I think there should be a recess.

Mr. MACKENZIE KING: All right; let us recess for thirty minutes.

Mr. BLACKMORE: Hon. members have been here since eleven o'clock this morning. We sat until one o'clock, and we have been sitting from two o'clock until six o'clock, and I think we should have a short recess.

At six o'clock the committee took recess.

After Recess

The committee resumed at 6.30 p.m.

Mr. SLAGHT: Mr. Chairman, I wish to make it quite clear that in my request to the minister I am in no sense reflecting upon or attacking the chartered banks of Canada. The bankers of Canada have rendered and are rendering a great and genuine service to the people of Canada in the development of our natural resources, and this they can continue to do and receive just rewards for their proper services. There is a party in this house which attacks the banks of Canada and proposes to take them over and, as they say, nationalize them if my hon. friends ever get into power. To nationalize the banks in their programme simply means to politicize the banks and, translating it one sentence farther, that simply means to C.C.F.-ize the banks, and no greater calamity could happen than that the commercial profits of the banks advancing money should be placed in the hands of any political party, even granting that they have no selfish motive. That would be contrary to all proper safeguarding of the interests of the nation.

My point is a simple one and I can state it in a very short time. I am not opposed to interest being paid by individuals or corporations for the use of other people's money that they have hired or that has been lent to them, nor am I opposed to the payment of interest by provinces or municipalities for money that they may borrow. But I am opposed to the Canadian government, which possesses under the British North America Act the sovereign and exclusive privilege of creating money, paying private bankers for the use of our own money. These private bankers do not lend their money to the government; they lend the government's money to the government and collect from the government an interest charge annually, which, of course, comes out of the taxes and

the pockets of the taxpayers. It would be a simple matter to discontinue dominion government borrowings from the chartered banks. In his able budget presentation on March 2 of this year the Minister of Finance, as reported at page 845 of *Hansard*, said this:

The plain fact is that this year we have had to depend too much on bank borrowing. I was able to say last year that "aside from the increase in treasury bills, there was no new direct borrowing from the Bank of Canada or the chartered banks during the year." During the current fiscal year, we shall have borrowed direct from the Bank of Canada and the chartered banks a net amount of \$983 million.

Then he says:

We borrowed from the banks because we were unable to borrow as much as we needed from personal savings.

I am concerned to know upon what he bases that statement; I am concerned to know who advised him that we had been unable to borrow as much as we needed from personal savings. It will be recalled that every issue of victory bonds made since the war began has been oversubscribed. Was it the officials of his department who told him that if he floated another loan he would not get money from personal savings, or was it the heads of the victory loan campaign who told him that? We all know the bankers of the country were the heads of the victory loan campaign, and they did a fine job. But I should like to know from the minister, if it is not outside the public interest to tell the committee, why he said that we could not borrow as much as we needed from personal savings when every victory loan he has offered the public has been oversubscribed.

In the coming year the minister and the treasury board have budgeted to borrow \$2,748 million, which is about half a billion dollars more than they budgeted to borrow last year, and which they did not borrow last year, because they were unable to borrow. We did not borrow last year within \$782 million of what we ought to have borrowed from the people, and accordingly we went to the banks for it. If we have the same measure of success with our victory loan this year, we shall have to borrow from the banks between \$1,200 million and \$1,500 million, because our requirements will be that much greater.

I say to the minister that there is no more danger of inflation in borrowing that money from the Bank of Canada than there is in borrowing it from the chartered banks. When the chartered banks lent him that \$782 million, they did not do anything more than make a bookkeeping entry in pen and ink, crediting the Minister of Finance with that amount of