

kets than on the public will or that of the government. Before 1967, when the Bank Act was revised, bank shares were set at a \$10 par value. After 1967, that par value was lowered to \$2, but worthy of note is the fact that those same \$2 bring in from 50 to 80 per cent in dividends annually. Today, it is easy to see that despite their par value of \$2, bank shares fluctuate between \$14 and \$45. On that par value of \$2, banks pay a dividend that varies between 25 cents and 40 cents, about four times a year, that is from \$1 to \$1.60 a year on a par value of \$2 depending on the market, profits and other appreciations of market values.

Needless to say, Mr. Speaker, all that is very complex for the non-initiated to the monetary, economic and political systems in Canada and the United States. But, before going any further, Mr. Speaker, I should like to go back somewhat to better situate us in the banking context. During the worst of the 1930-39 depression many economists, Canadian, American and even from around the world met in Canada to study the phenomenon of the economic depression, the worldwide stagnation and the lethargy of business.

It is as a reaction to the increasing misery in a great many countries of the world that the Bank of Canada came up with all these regulations governing chartered banks, the printing of money, interest rates, etc. For 22 years, specifically from 1934 to 1956, the Bank of Canada maintained a basic interest rate of 2 per cent which made it possible for it to survive through the difficult years of the depression, World War II, the post-war boom, and part of the inflation which accompanied this boom.

As I was saying a moment ago, the chartered banks were limited to a ceiling of 7 per cent on loans from 1934 to 1944. At the time of the decennial review, this rate was reduced to 6 per cent for the period from 1944 to 1967, when it was decided to lift the ceiling on interest rates, without saying that this was a way to fight inflation. We realize today that the result has been quite the opposite. As a matter of fact, this may be the most inflationary period ever, together with record unemployment. In 1967, we celebrated the centennial of Confederation. On that occasion, Canadians paused to consider the road already covered. Well, they came to realize that over the past 100 years, our chartered banks had accumulated total assets of some \$100 billion. You will note that from 1967 to 1973, those same banks have reached assets of \$75 billion. In hardly seven years, they have more than doubled the assets they had reached after their 100 first years.

Thus it can be suggested that a good part of that extraordinary increase was due to the removal of the ceiling on interest rates which grew from 6 and 7 per cent up to 13.5 and 14 per cent those last few days. Today, when we consider the national product, we find that it amounts to \$190 billion and yet the federal government managed to show deficits. Indeed, as recently as last week, the Minister of Finance (Mr. Chrétien) announced in the House of Commons that the estimated

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deficit would be roughly \$8 billion. For this year, it is expected that it will go as high as \$11 billion. Meanwhile, those who have the privilege to create credit, generally known as banks, were reporting net assets of \$26 billion. Is that not cause for one to wonder? I think so.

If I may, I would like to quote from an article entitled "The Issues as I See Them," published in *MacLean's* of September 15, 1935. At that time, the Right Hon. William Lyon Mackenzie King said the following, and I quote from the article which was translated from English into French:

The Liberal Party thinks that credit is a public matter which does not concern bankers alone but which also affects directly the average citizen. The party is in favour of the immediate creation of a national central bank duly incorporated which would be responsible for rediscount and which would ensure the issuing of money according to public needs. A central bank is necessary on the one hand to determine the monetary reserve according to the national, social and industrial needs of the Canadian people, and on the other hand to deal with matters of international trade and exchange.

As a national central bank has been created by the present government since the disclosure of the Liberal policy on this subject, I think it is necessary to stress here that the Bank of Canada as it now is is a far cry from the institution viewed by the Liberal Party. As have stated several of our prominent economists, the Bank of Canada follows a fascist model. It is in fact a private company which has the power to control the volume of money in the country. I must repeat what I have already told Parliament when protesting over the fact that government was relinquishing to a private institution the control of the country and the nation's money. Once a nation parts with the control of its currency and credit, it matters not who makes the nation's laws. Usury, once in control, will wreck any nation. Until the control of the issue of currency and credit is restored to government and recognized as its most conspicuous and sacred responsibility, all talk of the sovereignty of parliament and democracy is idle and futile. One of the Liberal Party's main objective will be to return to the nation what it lost, and to establish a duly constituted national central bank.

Mr. Speaker, 44 years later, we are hanging from the cliff. The unemployment rate is at a record high. Our dollar is not worth what it used to, and is continuing to decline. Inflation is hitting us on all sides, and so on, and so forth.

I would like to quote from a newspaper article by Louis-Philippe Roy that appeared on August 17, 1939:

Here is an unsolved mystery: Where does money come from? Years go by and the depression continues. It was supposed to last three, five years at the most, but it has been with us for 10 years and real prosperity is nowhere in sight yet. Why does depression last so long? Why so much unrelenting unemployment? Why such famine in the midst of plenty? The present depression has a feature that is unique in history: millions of human beings live in misery while in many countries wealth is destroyed: milk is sent down the drain, coffee is burned, farmers are paid to reduce production. And in this country of ours, there is no lack of wealth, nor transportation to distribute it. We have an industrial work force that is rusting at idle and transport corridors often devoid of traffic.

If Providence has been generous to us, if goods are everywhere, if the soil waits but for man's work to yield its riches, the cause of this depression certainly is not the poverty of our Canadian land.

Is it that production is not well run? No. Manufacturers, just as farmers could produce more if their products were to move.

Ask mothers why there is nothing on their tables. Ask fathers why they are getting hungry. Ask children why they are getting skinny. Ask merchants why their business is not thriving. Ask professionals why they do so much work on credit. Everyone's answer will be: because there is no money!

No money! This is what people in government say to those asking for help, industrialists to those asking for work, consumers to businessmen asking for