

at the present time, the total amount paid up by shareholders reached \$293 million. However, with a \$6 million increase of the paid-up capital they had capital gains. The assets increased, in a period of ten months, by more than \$3 billion, while the subscribed capital was more than \$6 million.

Mr. Chairman, I say all this to prove that today finance companies and banks particularly cannot claim that they do not make profits. It is strange however that the cost of living should increase in the same proportion as banks pile up benefits.

On page 312 of the book entitled *Le Canada au XX^e siècle*, there is a passage dealing with Alberta, home province of the honourable Minister of Agriculture, and it is stated that the government of that province reduced the rate on its bonds in order to pay off its provincial indebtedness. I quote:

Alberta reduced the rate of interest on its bonds from 7 per cent to 3 per cent and the Alberta government is now clear of any debt.

In order to pay its debts, the Alberta government has lowered the rate on its bonds, whereas in Ottawa we are about to increase the rate of the bonds and of the interest on farm loans. The situation has been more acute since October 30, 1967. The total bank assets exceed \$31 billion. The total public deposits amount to \$21,226 million with the chartered banks, but there is only \$350 million in coinage and \$2,850 million in banknotes. That makes a total of about \$3,400 million in money visible to the naked eye, palpable and transportable, made of metal or paper, however deposits in the banks were still over \$21 billion. Therefore—and the Minister of Agriculture knows the answer—where does the difference of \$18 billion come from? This is the big question the people have been asking themselves for a long time. If, at the present time, there is only \$3 billion in circulation, in Canada coinage and paper money, can we say who created the other \$18 billion which are deposited in the banks? That question was already asked in the committee on finance, trade and commerce and economic matters by the hon. member for Compton (Mr. Latulippe) on February 6, 1967 and it appears on page 3012 of the proceedings of the committee. The question was put to the then Minister of Finance (Mr. Sharp), and here is his answer:

Mr. Sharp: The system used to create credit is well known. Banks grant loans; the money is deposited in banks and becomes part of the money supply. This is a way to create it. This is a widely

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known method. I think this is one of the methods assailed by the Social Credit members who call it not very natural.

So, Mr. Chairman, even with low investments, the banks can, thanks to the reserve they are bound by law to keep—which is 6% nowadays—with \$6 in hand, grant loans up to \$100.

I have here another article which was published in the *Montreal Gazette* of September 30, 1958, which the Minister of Agriculture will surely find well thought out, and I quote:

[English]

Why Does the Government Borrow Private Money?

Sir—Why have all three of the major political parties remained completely silent on what is by far the most important economic problem facing Canada today? I refer to the private control of the nation's money system.

The constitution already gives to the federal government complete authority to use the Bank of Canada to issue interest-free loans for public projects and for housing. Instead of doing so, the government allows the private banks to create about 95 per cent of our entire money supply and to lend it out at interest, for their own profit, regardless of the primary needs of the people. Even the government itself goes hand in hand to borrow from the private money lenders.

The government's incredibly stupid and utterly needless practice of borrowing Canadian money, at interest, means that the taxpayers are saddled with the burden of paying about \$1,500 millions in interest, each year, for which they receive virtually nothing whatever in return. This payment of huge amounts of unearned interest, which represents no corresponding new production, is a major cause of the present inflation and is largely responsible for our excessive taxes.

The problems of inflation, excessive taxation, unemployment and exorbitant cost of housing will be solved when the federal government decides to use the Bank of Canada to issue interest-free loans for a construction program of needed public projects, also for housing (up to an available standard), just sufficient to provide and maintain full employment opportunities for all who desire to work and earn.

Let the money lenders get their profits by investing in private productive enterprise, instead of in public projects and housing which should be made available to the people at the actual cost of construction (labour and materials).

Can any person, anywhere, suggest even one good reason why the government should continue to borrow Canadian money, at interest? The people of Canada are being made the victims of the worst racket the world has ever known, the bankers' private money monopoly. What is Prime Minister Trudeau going to do about it?

[Translation]

Mr. Chairman, it is all very well to speak of a just society, but when we consider Bill C-111 and particularly clause 2 of that bill, we cannot see how we can possibly establish