and provincial governments, it is stipulated specifically, in section 91, subsection 19, that the federal government has jurisdiction in all matters concerning:

Interest.

We are the federal government, not the stock market or the whims of the banking interests. Let us then begin by determining exactly and legally who is empowered to fix the interest rate and let us accordingly establish ourselves the interest rate on money, which falls within the jurisdiction of the parliament of Canada. The parliament of Canada is the government of the people, the elected representatives of the people. Let us then assume our responsibilities and not allow the interest rate to fluctuate according to the whims of the big interests, of those who control the banks and combines.

Mr. Chairman, the Bank of Canada was created in 1934 by an act of parliament. After many years of investigation and many royal commissions, the Bank of Canada fixed its basic interest rate at 2 per cent and maintained it at that level for 22 years, in spite of the period of economic recession during the war and the post-war boom. This line of action, as far as the 2 p. 100 interest rate is concerned, has been maintained with the approval of the Parliament of Canada which has supreme authority over the Bank of Canada.

In 1956, 1957 and 1958, we heard that there might be changes in the interest rate; the 2 p. 100 rate helped to maintain at a low level the other rates of bonds and bank loans.

It is interesting to note, in the annual report of the Bank of Canada for 1956, the statement of the then governor, Mr. J. E. Coyne, which is on page 49, and I quote:

"In its day-to-day operations the Bank generally offers some resistance to changes in interest rates (in either direction) in the interests of maintaining orderly conditions in financial markets—"

Mr. Chairman, to maintain order on the financial market, the governor of the Bank of Canada fought in 1956 against too many changes in the interest rates. There must be a basic rate in Canada—there must be a basis somewhere—and the Bank of Canada was created to regulate money and credit to the advantage of the nation as a whole. Moreover, it is under the power of parliament.

Why then was Mr. Coyne removed from his post and replaced by another governor in 1957 right after saying those words which appear in the annual report? Why did the rates of the Bank of Canada start to fluctuate from 2 to 6.35 per cent during the same year? Why did the federal government later proceed with the conversion of up to $6.4 billion in war bonds bearing interest between $2\frac{1}{4}$ and $2\frac{1}{2}$ per cent to rates of $3\frac{1}{2}$, 4 and 4.18 per cent? The federal government saw fit to stop maintaining order on the financial market and to allow speculation which has been going on ever since, that is for the last ten years.

In June 1968, our present government renewed $500 million of bonds at rates of $6\frac{1}{4}$, $6\frac{1}{2}$, 7 and $7\frac{1}{4}$ per cent to redeem matured bonds at $2\frac{3}{4}$ per cent. In October 1968, it issued another $500 million in bonds at 6, $6\frac{1}{4}$, and $6\frac{1}{2}$ per cent, the greater part of which is only to renew bonds at 5 per cent.

Let us mention that in all that, the government of Canada, rather than the transferable securities market, has full and sole jurisdiction on interest. In principle, from the legal point of view, that is true, but in practice, we are now at a point where it is the brokers, the banks, the financial agencies that are forcing the government to submit to their whims, so that they can increase the rates of interest and enlarge their profits.

• (4:50 p.m.)

I have here before me the reports for three consecutive years of the chartered banks of Canada. If I look at the report for 1965, published in The Gazette of Canada at the end of the financial year ending December 31, 1965, the banks were showing total assets in the amount of $25,874,000,000. The following year, that is at the end of 1966, these assets amounted to $27,773,000,000. Therefore, their assets had increased by more than $2,000,000,000 during these two years.

The financial report of 1967, for the eight chartered banks of Canada, which was published in February 1968, shows total assets of $31,845,000,000. And if I look at the last banks' report, published on August 31, 1968 in The Gazette of Canada, I see assets for the eight chartered banks of Canada totalling $34,332,000,000. This means that within eight months, Canadian banks have made profits of more than $3 billion.

On the other hand I read on the back of the same reports, that the subscribed capital of banks, the paid-up capital, amounts to only $287 million, and that from 1967 to 1968, the increase of the paid-up capital was only $6 million. At the end of 1967, the total paid-up amounts of money in banks, from the viewpoint of shareholders, was $287 million and,