Or a total, in round figures, of $2,260,000,000 in the chartered banks of Canada. This aggregate amount on deposit on September 30 last, he points out, was $436,000,000 less than the average amount of deposits during the year 1929. Then he goes on to show that the balance on deposit in customers' accounts "represents a sum of money which the customer owns, but nevertheless this money does not exist except in the accounts of the customer's bank." He continues:

What is paid out of one bank account is paid into another bank account by entries in books of account. A relatively small quantity of metallic coins or paper currency suffices for owners who require cash for their petty expenses.

Then he says:

The cheque system, which has been developed, enables the banks to create money without the issue of their printed notes. On September 30 last, all the Canadian banks had $141,000,000 of their own notes in circulation, while the aggregate of bank deposits was $2,260,000,000.

He says later:

But the cheque system, which now prevails, enables the banks, as I have stated, to create credit money at will for many hundreds of millions of dollars in excess of their note issues. $1,428,000,000 of such credit money was issued and outstanding on September 30 last. In comparison with this bank credit money, the amount of all other money in circulation is quite insignificant.

To be quite fair to the Secretary of State I want to say that in the following paragraph he states that of course the power to create credit by the banks is not unlimited. I think it would be clear from his words that the importance of the act which is now before us might be underestimated by members of the house and people in the country who have not been giving to the monetary system as much study as has been given by the Secretary of State.

The next point I should like to deal with is that under our banking system we have built up what amounts to a monopoly of credit in Canada and a control exercised over our whole economic life through this control of credit. There have been general bank acts passed in this house in the years 1867, 1870, 1880, 1890, 1900, 1913 and 1923 and I think it would be fair to say that practically on every occasion the act was pretty much as the bankers wanted. Prior to 1900 there was no provision in the Bank Act for the purchase of the assets of one bank by any other, and in that year the change was made providing for this. Also in 1900 the Canadian Bankers' Association was incorporated by act of parliament, chapter 93 of the statutes of that year. In the Bank Act of 1900, sections 24 to 29 inclusive, provided that the Canadian Bankers' Association should appoint a curator for any bank that suspended payment in specie of any of its liabilities, gave the association power to make by-laws, rules and regulations respecting all matters relating to the curator and making of bank notes, and this in addition to the provision which I have already mentioned, under which one bank was allowed to purchase the assets of another, subject to the approval of the governor in council through the recommendation of the Minister of Finance.



In this way there was built up a fine machine for centralizing control in a few hands and bank mergers began that year. I shall not take time to read a list of those bank mergers; they are to be found by anyone who is interested, on page 19 of the recent banking commission's report. The following table shows how the number of banks in Canada was reduced:

| Year | Number of banks |
|---|---|
| 1900.. | 36 |
| 1910.. | 28 |
| 1923.. | 17 |
| 1933.. | 10 |

In that time the following banks absorbed:

| Name of bank | Number of banks absorbed |
|---|---|
| Royal Bank.. | 8 |
| Bank of Montreal.. | 6 |
| Bank of Commerce.. | 8 |
| Bank of Nova Scotia.. | 4 |

Altogether thirty-five banks were purchased by other banks during that period and as a result of the mergers which have been going on for the past thirty-three years, we now have a situation where one bank controls approximately 28 per cent of the banking assets of Canada and three banks together, sometimes called the "big three," control approximately 70 per cent of the banking business. The policy of those three banks may be said to set the pace for the smaller banks and I think it is not stretching the case too much to say that ten banks have what amounts to a monopoly of credit in Canada. Not only do the large banks practically control the banking business of the country, but their directors control trust companies, mortgage and loan companies, bond and investment houses, insurance companies, railways, public utilities, flour mills, bakeries, packing plants, steel mills, textile plants, tobacco factories, agricultural implement factories, pulp and paper plants, and so forth, in fact, almost everything that would seem to be worth controlling.