

Loan Sharking

Mr. Speaker, I believe usury should not carry a percentage. Whenever a loan is granted, if it is the outcome of one's labour, it is only normal to get a compensation which we call interest. It is money earned through one's labour. It is normal to own something that can be rented to somebody else at a rate of interest, for a reasonable rent, and not at a rate that may impose excessive conditions on the borrower which would place him in trying circumstances. If someone is being abused in a modern society, in a well-structured and well-organized society, it is only normal that the state step in so as to prevent the exploitation of man by man.

And I believe that such is the objective of Bill C-203, but the hon. member could have gone much further. I should like to make a few remarks. I just said that if one lends something that belongs to one, it is normal to get a reasonable rent back, but if one creates something to be lent to somebody else, that is something entirely created under a privilege, such as it is presently done in this country at the banking institutions' level, as they have the privilege under the law to create money to lend it at absolutely unreasonable interest rates, because after all, it does not cost them anything. It is no more and no less than a permission, a right that is granted them through a legislation enacted by the Parliament of Canada, through a federal charter, the right to make banking operations which in a way empower them to create money in this country in order to get an interest from it. It is the result of a trade in something that did not exist before it was decided to grant a loan to a borrower or to the government under this legislation.

To show you how true that is Mr. Speaker, I have here an answer given in December 1974 to a question on the order paper. I had asked the following:

What was the total money in this country on January 1, 1972 and January 1, 1974? And in both cases the government answered that in 1 cent, 5 cent, 10 cent, 25 cent coins, in \$1, \$2, \$5, \$10, \$50, \$100 and \$1,000 paper money, the total outstanding was \$5,860,000,000 created by the Bank of Canada.

With question 1567 I asked, and I quote:

1. What was the average total of money in Canada on (a) January 1, 1972 ... (d) January 1, 1975?

The answer is very clear and we have proof that indeed chartered banks have a privilege to create money instead of the government. And I think this is a very serious matter. That is why I am very happy that the hon. member introduced a bill to draw the attention of the House to an extremely important matter. And we shall see following my remarks why I feel this matter is very important. We are being swallowed in a financial situation to such an extent that there will be no way out if the same formula is maintained.

So, to the question I asked, what was the total of money, a specific answer was given. The answer is as follows:

● (1730)

There are various forms of money in Canada. These include currency (coins, Bank of Canada notes) and deposit claims on the chartered banks and on other institutions that offer deposit accounts to the public. The most commonly used definitions, which include currency and chartered bank deposits, are shown in the following table. Dates are for the last Wednesday in December because statistics for January 1 are not available. The table also shows the outstanding amounts of

[Mr. Lambert (Bellechasse).]

chartered bank credit in the form of Canadian dollar loans and mortgages.

So the proof exists under the act. We have the table. Chartered banks have the privilege to create, mint the credit of this country, make loans to borrowers, and the fact that they make a loan gives them authority to make a deposit on behalf of the borrower.

Automatically money is created that flows throughout the country in the form of figures. And the previous question: how much money is in circulation in the country? \$5,860 million. The table shows once again: Total money supply: \$5,860 million. But the total money supply in Canada as on January 1st was: \$62,145 million.

Mr. Speaker, why the difference? We have just been told that the Bank of Canada has created \$5,860 million, but we are told later that the Canadian money supply is \$62,145 million. Then, this means that about \$57 billion have been minted for lending purposes. This policy applies at the level of individuals, at the level of Canadian taxpayers, of individual borrowers, but it also applies to the Canadian government and to the provincial governments.

No later than last night, Mr. Speaker, I attended a town council meeting with about 50 Quebec taxpayers in my riding who must finance public works for a water and sewer system the cost of which will exceed \$1.2 million, and those people have needs that they cannot afford to meet. Then, they shall have to borrow and pay that system three times its actual cost. I pointed out to them that under present financing methods, because of a disrupted monetary system, they shall have to pay three times the actual servicing cost.

The same situation exists, Mr. Speaker, in the field of rest homes construction. I have in my riding several of those organizations and I shall tell you, without mentioning any names, about a typical case dating back to March 1975.

A corporation decided to build a home at a cost of \$433,267,000. Since it is to be paid in 50 years, the interest rate is moderate: 6 7/8 per cent. But it nevertheless means monthly payments of \$4,232.16. 50 years mean 600 months. Therefore, those people will have to pay \$1,815,000 in interest on a total loan of \$723,700, which means that once again those people will have to pay the price of three homes to be allowed to live in one only. This does not include administration and servicing costs; how can they be expected to manage? That is called usury, and I think that is what the hon. member also wanted to get at.

Let us consider our own debt in Canada. There was an answer to that effect last week in the order paper. The Canadian debt on July 1, 1967 amounted to \$79 million and to \$55 billion on July 1, 1974. How much does that mean in interests in the 1975-76 estimates? My dear friends and colleagues in the House of Commons, let us together open the famous book of estimates and expenses. We find out that it is going to cost us 3 and a half billion dollars; one billion more than in the last estimates only to pay interests.

We could accept quite a few LIP projects to provide jobs to our unemployed. We would also accept quite a few Opportunities for Youth projects in the various constituencies of Canada to provide jobs to our students, a liveli-