

called medium of exchange, consists not in the paper or metal money we can feel but in what are known as bank credits. You would agree with that?—
A. Yes.

Q. We have also heard here that the Dominion of Canada have borrowed from the chartered banks so that they owe the chartered banks today \$2,700,000,000 at varying rates of interest, and that the loans of the chartered banks today have shrunk so that they are about one billion dollars to private individuals, including your western farmers, and to industry, so that the Dominion of Canada, as we have heard in the evidence, are the best customers of the chartered banks to the extent of perhaps twice all other loans they have made put together.

Mr. McNEVIN: At an average of 1 per cent interest.

Mr. SLAGHT: No, it goes a little higher than 1 per cent.

Mr. McNEVIN: Roughly.

By Mr. Slaght:

Q. The Dominion of Canada are paying annually to the chartered banks—and that is the taxpayers—about \$40,000,000 as Mr. Graham Towers told us, and are carrying that load of interest. I suggest to you that we should so amend this Bank Act—and I want to see if you agree with me on this or whether you do not or if you have not considered it sufficiently—so as to take away from the chartered banks this right to create new money by merely making bookkeeping entries in the books, and that when Canada needs for her taxpayers new money, as the war has forced us to need it, that hereafter we should borrow that money through the medium of the Bank of Canada and issue it for the public need interest free. Would you agree with that?—A. I think you are certainly taking a step in the right direction. We realize it is going to take a good deal of time possibly before people will reconcile themselves to the nation taking over its own affairs. Instead of taking that two billion dollars, or whatever it was, from the chartered banks they would simply do what you say in regard to any borrowing for public matters whatsoever, or even for private matters. You are taking steps along the road and you are getting there. We are satisfied that the time will come after you have decided to issue new money, or whatever you care to call it, for the operation of public affairs of the dominion, of the provinces, of the municipalities, when you will have to take other steps along the road of progress and then you will begin to administer for private individuals as well. Yes, I would go along with you all the way.

By Hon. Mr. Hanson:

Q. May I ask one question? Have you considered the other alternative, the effect on the millions of savings depositors in this country who represent half the total citizenship in this country? Have you thought this thing through?—

A. What is the matter with the savings depositors? There is nothing the matter with the savings depositors. They have got savings deposits in the banks. I think the dominion government uses some of them. The banks have loaned some of them to the government. In the old country they have the post office savings bank. That is one of the oldest institutions you can possibly think of. I do not see any danger to the depositors in the savings banks under public administration any more than under private administration. There is no difference.

Q. You have not thought the thing through.

By Mr. Slaght:

Q. I think, Mr. Bickerton, you have put it very nicely to my friend. We have had that bugaboo of being careful not to injure savings depositors in the banks put forward almost every time we ask to retake for the people the right