

Canada: Starving the People in Order to Feed the Banks

Global Research News Hour Radio: Episode 7

By [Rocco Galati](#) and [Michael Welch](#)
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Region: [Canada](#)
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“What is this? This is nonsense! This is an unconstitutional use of the Bank of Canada and it also breaches the terms for which it was set up. The other dimension is, why do we have foreign private interests dictating to the Bank what the interest rate policy, the currency policies and everything else is going to be? And it’s not as if these people are brilliant. They’ve literally caused the collapse of the financial system in the G20 countries! The Federal Reserve, it’s just come out on the audit, printed \$16 trillion to save their banks. Our government has put in over a hundred billion in buoying our banks.

So why are we doing this at public expense? And letting the Bank of Canada wither down to nothing, except interest rate policy trying to keep interest rates between 1% and 3%? That’s all they do now!

It’s abdicating your duty under the Bank of Canada Act to govern with respect to these issues.”

-Canadian Constitutional Lawyer Rocco Galati, Dec 5, 2012

“As many of you know, Canada was not a part of the problem. Canadian banks had maintained healthy leverage ratios and largely avoided exposure to toxic assets. No major Canadian financial institutions failed and none required bailouts from the government. As a consequence, Canada now has one of the largest banking sectors in the world, and it is entirely in the private sector.”

-Canadian Prime Minister Stephen Harper at the World Economic Forum in Davos, Switzerland, January 28, 2010

The Canadian banking system has received national and international acclaim.

The perception that Canada weathered the economic storm of 2008-2009 better than other major world powers, and did so without the need for a massive government bailout scheme, has propped up Canada’s reputation as competent fiscal managers. Indeed, this view more than likely played a role in the recent elevation of Bank of Canada Governor Mark Carney to the new Head of the Bank of England. It also did not hurt Canadian Prime Minister’s electoral prospects during the election of 2011.

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However, unknown to most Canadians, the country's biggest banks did indeed receive government money through the Canadian Mortgage and Housing Corporation (CMHC), the Bank of Canada and even the US Federal Reserve! The research was published last spring by the Canadian Centre for Policy Alternatives in the document [The Big Banks' Big Secret: Estimating Government Support for Canadian Banks During the Financial Crisis](#). The report's author, CCPA Senior Economist David Macdonald explains his findings in the first half hour of today's program.

Just as disturbingly, the Canadian government stopped borrowing from the Bank of Canada in 1974 and started borrowing money from private chartered banks at market rates of interest with the result that nearly 70% of taxes paid by the public goes to the banks just to pay off the interest on those loans.*

A group known as [COMER](#) (Committee on Monetary and Economic Reform) has launched a two-pronged challenge against the Bank of Canada and the Finance Minister in the interest of returning the Bank of Canada to its previous role of lending to the Canadian government to finance programs in the public interest at near zero rates of interest.

Toronto Constitutional lawyer **Rocco Galati** is representing the plaintiffs and explains the suit and why his clients believe the Bank of Canada's abdication of its mandated role has left the country's monetary and socio-economic policies in the hands of foreign private elites.

*Source: COMER (The Committee on Monetary and Economic Reform), which cited statistics from economist Jack Biddell indicating that between 1981 and 1995, Canadians paid \$619B in income taxes. Interest paid to private banks during the same period totaled \$428B. (Economic Reform, p.4. <http://comer.org/archives/2007/Aug07.pdf>)

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