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To the Editor,

Recently in these pages, you printed a letter from Jim Riesberry of the Council of Canadians stating that banks in Canada received a bailout from the federal government during the recent financial crisis (Canadian banks received bailout from taxpayers, Dec. 6/11). This is incorrect and I'd like to set the record straight.

During the global financial crisis three years ago, many banks in other countries became insolvent and either failed or received taxpayer-funded bailouts. This resulted in a crisis of confidence, and funding markets around the world seized up. Although the financial crisis did not begin here, Canada was nevertheless impacted. And so, because international funding sources were no longer operating properly, the government of Canada decided to buy \$70 billion of insured mortgages from banks in Canada so that banks could continue lending to consumers and Canadian businesses to help the economy grow. It was not because any bank was insolvent, under-capitalized or in danger of failing. It is also important to note that the transactions were on market terms, and the government (and therefore the taxpayers) made billions of dollars on these investments.

As for the "\$200 billion in cash and short-term, ultra-low-interest loans" given to banks, again Mr. Riesberry doesn't have it right. Yes, the federal government had its Extraordinary Financing Framework that amounted in total to \$200 billion, but portions of this were earmarked for other businesses, much of it was used to purchase the mortgages on market terms and at a profit to the government, and other large parts were not used at all. These measures were put in place because parts of the financial sector other than banks were not functioning properly. None of this was because banks were in danger of failing or were not lending to businesses and individuals.

Finally, Mr. Riesberry states that banks don't do enough to support the real economy, but the facts do not support this assertion. Everyday our banks are helping Canadians buy homes and save for retirement and working with small businesses so they can grow and thrive. Banks also paid \$8.3 billion in taxes to help support the government programs valued by Canadians, provided more than a quarter of a million Canadians with good jobs and \$18.2 billion in salaries, contributed 3.4% to Canada's GDP, bought \$13 billion in good and services helping to create countless jobs for their suppliers, and paid \$10 billion in dividends to their shareholders. And their shareholders are the vast majority of Canadians who either own bank shares directly or through the Canada Pension Plan or their own work pension plans.

Sincerely,



Terry Campbell
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Canadian Bankers Association