

Federal purchase of mortgages not a taxpayer bailout

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A recent letter submitted to your paper (Canadian Taxpayers Funding Bailouts for Reckless Banks, April 11) wrongly asserts that the federal government has given Canadian banks billions of dollars of taxpayers' money.

The reality is that the federal government has purchased healthy bank mortgages on commercial terms so that banks can, in turn, continue to lend. The government anticipates making \$1 billion in profit for taxpayers from the first mortgages in this fiscal year.

In exchange, the banks are doing their part and lending money to credit- worthy businesses and individuals. Business lending was up 9.4 per cent in February 2009 compared to February 2008.

It is also incorrect to say that Canadian banks would fail without this program. While we are seeing unprecedented turmoil in the global financial system, Canada's banks remain well-managed, well-capitalized and well-regulated, and continue to be prudent lenders.

They have largely avoided the difficulties that many banks around the world are now facing. Canada is one of the few countries in the industrialized world that has not required a government bailout of any of its financial institutions.

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