

Routine Proceedings

We were not convinced that there was a competitive marketplace out there among the banks. In fact what we have is an oligopolistic system in the financial institution sector of the economy. In other words the marketplace did not set the rates. Had the marketplace set the rates when the Bank of Montreal came in with its prime-plus card about a year ago or when the Scotiabank came in with its card which offers 10.5 per cent, one would have thought all banks would have started competing at the lower rates.

The fact of the matter is there is no competition. There is no marketplace. Read my lips, Madam Speaker: There is no marketplace with respect to the setting of credit card interest rates. What we have is legalized grand larceny on the part of the banks. If anybody outside the banking system had done that, he or she could be charged with highway robbery.

What did the committee do? It ignored the opportunity to put a leash on these roaring bandits. Actually it refused to put a collar and a leash on them.

• (1015)

We argued in committee that we needed to set a floating cap on credit card interest rates. Since there is no competition the only way to protect consumers as they grovel and as they forage for credit in the marketplace is by having a floating cap on credit card interest rates. This means that as the Bank of Canada rate comes down, credit card rates will come down; if the Bank of Canada rate goes up, the credit card interest rates will go up.

Right now there is no benchmark by which the banks bring down the rates. It all depends which side of the bed the president of the Royal Bank gets out on. When he looks at the overnight returns on foreign exchange profits it determines whether the rate comes down .5 per cent or stays up. We are depending on the goodness of the heart of very—

An hon. member: Heartless people.

Mr. Rodriguez: I would say more: very greedy people. On the government side of the House they hope consumers will open their wallets and start spending us out of this recession. How can they expect that when the banks have them by the neck or by any other part of the anatomy, whichever is the more effective?

We said that the only way to control them was to put a floating cap. The banks said we could not do that, that it would interfere in the marketplace. The Tories said we could not do that, that it would interfere in the marketplace.

I have never seen such a vivid example of where Tories and the banking sector were cheek to cheek and jowl to jowl on an issue.

An hon. member: Teller to teller.

Mr. Rodriguez: This government has achieved it. I give it full marks.

We have the spectacle of consumers being taken to the cleaners. We said they should not do that, that we should have a standard by which those rates will come down, and that standard has to be in relation to the Bank of Canada rate. Imagine 300 per cent more being charged. That is usurious, absolutely usurious.

These are the most profitable institutions in the country. The banks have done spectacularly well. Even when they do not do very well, even when they actually goof up as in the Olympia and York situation and even when they went down to South America and lent the money for petrodollars, who bailed them out? The taxpayers. Even when they have trouble, the taxpayers bail them out.

When it is to make sure they get the best deals going as the whole marketplace is collapsing, we make sure Toronto-Dominion gets all the choice parts of Central Guaranty. When Royal Trust was in trouble we made sure the Royal Bank got all the choice cuts from the side of beef and we left the taxpayers to pick at the bones. The taxpayers got the soup bones. Who gets the meat? It is the big banks.

Our caucus said we had to have a floating rate, that it was the only way to provide justice in the marketplace as far as credit card interest rates were concerned. In 1989 the committee recommended the floating cap. The committee at that time was led by a Tory. This time it was led by a different Tory. I am sad to say the Liberals went back on their commitment to a floating cap and voted with the Tories to produce the report that was tabled on June 22.

An hon. member: What's new?