

Mr. Rose: I think the banks in general are run by nice people. Of course we have finance companies and credit unions flourishing and proliferating, if people like big words, in our country. We have the near-banks in Alberta. They are socialistic enterprises and the Albertans sort of tolerate them. Despite credit unions and finance companies, the banks are still the major financial institutions in our society. They have a near monopoly. I know there are some amendments to the Bank Act to sort of increase the competition coming up—that is if you believe that competition in a cartel is really competition. Anyway, we have this monopoly and we have that nice collection of members in the other place, strategically located as directors of most of the chartered banks. They are not doing too badly. We have been raising interest rates ten and 11 times in the last year, and the banks—

An hon. Member: There may be another one coming along.

Mr. Rose: Do you think so? I have just been told by my hon. friend beside me that we can expect another interest increase tomorrow. If the Minister of Finance had been as true to his convictions while in government as he was in opposition it would be “bye, bye, Bouey”.

An hon. Member: That sounds like the title of a song.

Mr. Rose: As a matter of fact, it is an old song, but then we have heard nothing but old songs from members opposite.

Anyway, let us have a look at the way banks have been doing lately.

Mr. Nowlan: The last rose of summer.

Mr. Rose: I would think that when the member has an interesting riposte I will pause long enough to listen to it. If he would get his hand out of his mouth I would hear him more clearly. Even if I did I do not think it would be worth listening to.

What I want to tell you, and remind members opposite of, is that we are authorizing the Minister of Finance to go and borrow \$7 billion. He is going to borrow \$7 billion for what purpose? It is for public works and general purposes. One of the reasons we have to borrow all this money is that the banks are not paying their fair share in income tax. We have made that point a number of times, but it seems to me that people opposite are impervious to this fact. I think they are well to ignore this because, as long as the people in Canada keep electing Conservatives in large numbers, they are going to ignore it. That is the only lesson they will ever understand.

An hon. Member: They should vote Liberal.

Mr. Rose: They might. Most politicians are deaf to the cries of injustice. Many have a very bad set of hearing bones in their ears. It seems that while politicians cannot hear the cries of injustice from 20 feet away they can hear a paper ballot falling in a ballot box from 200 yards. That is probably the nature of the beast. I do not think that kind of disease escapes any of us because we are responsive to what people want when they

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express their views electorally, aside from all the debate and the most convincing arguments put forward by this member and other members on this side of the House.

Let us get back to the banks. In the third quarter of 1979 the Royal Bank earned profits of \$57 million and some small change, with after tax profits of \$56 million, paying a tax rate of 2.95 per cent.

An hon. Member: They own PetroCan.

Mr. Rose: If they own Petro-Canada, does that account for the fact that it has made so little money?

An hon. Member: That is right.

Mr. Rose: The member knows something I do not know. I did not know they owned Petro-Canada. I know the Royal Bank spends a lot of its money financing foreign takeovers in this country by American concerns. That is the part that bothers me, not whether it finances Petro-Canada. Good for them if they are. As a matter of fact, I will go down there tomorrow and make a deposit just on the hon. member's recommendation.

The Canadian Imperial Bank made a profit of \$49 million, \$42 million after taxes, with an effective tax rate of 12 per cent. The Bank of Montreal made a profit of \$57 million in the third quarter, with an after tax profit of \$58 and a tax rate of 14 per cent. That is not bad. The average person, of course, pays up to 50 per cent when he reaches a certain level of income. Certainly the small business tax on other segments of our society is much greater than what banks pay. I could go on and tell you about the Bank of Nova Scotia and the Toronto-Dominion, but the average tax rate on earnings for all chartered banks averaged 10.4 per cent for the third quarter of 1979.

I know this is very tiresome to members opposite. They think it is the same old song, attacking the banks. We have to sing the same old song because we have the same old injustices, and that is the problem.

Let us talk a little bit about the \$2 billion the Minister of Finance is going to use over the next four years to subsidize mortgages, the banks I talked about, and the development industry generally. This was promised during the by-elections and confirmed the other day. I do not think the Minister of Finance is all that happy about it. Probably a subsidy of that kind is defensible under different times and under different circumstances, but when coming from a government that is constantly and publicly committed to restraint it is hypocrisy.

Whether we spend this \$2 billion on mortgage interest deductibility or not, the fact is that if you add the \$3 billion in giveaways through tax incentives, plus a number of other things I have discussed and the \$2 billion in predicted mortgage interest deductibility you come close to the \$7 billion the minister wants to borrow.

An hon. Member: Order.