

Bank Act

Committee on Consumer Credit, of which I have the honour to be a joint chairman. I do not believe that Committee or any of the work of that Committee, or any of the aspects of credit as brought before that Committee, have been discussed before this House; and inasmuch as the question of banking is integrally involved in any question of consumer credit, I think it might not be inappropriate to discuss at this time on this resolution some of the things we have found before that Committee.

First of all I would point out those memorable and immortal words of Polonius in his precepts to his son, in Scene 3 of Act 1 of Hamlet. We all recall that Polonius said:

Neither a borrower nor a lender be; For loans oft loses both itself and friend, And borrowing dulls the edge of husbandry.

If such be the case, Mr. Chairman, then I have no doubt that Canadians have very few friends left, and they are indeed a very dull crew; because the statistics indicate that the extent of borrowing, and of consumer borrowing in particular, in the last few years has increased to a very, very great degree. Singularly enough, in the year immediately following the Second World War the total of consumer borrowing in Canada was something like half a billion dollars. In 1963, the last year for which we have authentic statistics, that borrowing had increased to the extent of some \$5 billion. I think those figures indicate something of the importance of this question of borrowing and of consumer credit, which is wound up in the question of the Bank Act, and to its importance to our economy.

• (8:40 p.m.)

I might point out that during this period, at any time when there has been a regression in the quantum of consumer borrowing there has been a concomitant relapse in the economy. Such industries as the retail trade and the car industry, in all its various areas from manufacturing to sales, would certainly suffer immeasurably if the quantum of credit and the extension of credit over the years did not continue to grow and expand. It has been notable before our Committee that the many briefs which we heard from many institutions and representatives of those institutions have been largely presented by the producers of consumer credit, by those who sell consumer credit, rather than by the consumers of the credit, the borrowers themselves. Accordingly it may be that I have obtained a somewhat slanted view of this entire subject, having heard more from the producers than from the

consumers. However, I would point out that in this entire area there are very grave problems, essential problems, problems which I suggest may affect the life of each Canadian, his home and his family, a great deal more possibly than some of the loftier topics which we sometimes discuss in this House, such as external affairs and other matters, which are possibly of greater moment but of less immediate concern to the average Canadian homeowner.

I would point out, Mr. Chairman, that the consumer of credit is in the position of being continually sold the idea of credit and the need for credit, and the fact that he should borrow day after day and hour after hour. By means of the media of communications with all their effectiveness today he is told that he can borrow, that he can buy anything he wants just by walking in the door. He is told to take it now, pay later. That is the philosophy to which he is subjected almost continually during his waking hours.

I think this is demonstrated to some degree by the statistics covering consumer credit, which I should like to read into the record of the House at this time. These figures are broken down between the various types of institutions which provide what we call consumer credit. The largest of these is the chartered banks, of course, with which we are concerned at the present time in this resolution. However, the growth of other types of institutions which provide consumer credit is also indicated by these statistics. I merely point out the statistics themselves and the indicated growth between the years 1955 and 1963.

Instalment finance companies in 1955 provided some \$599 million worth of credit to the Canadian consumer; and in 1963 this had grown to \$873 million. Consumer loan companies providing instalment credit provided \$215 million worth in 1955 and \$808 million in 1963. Chartered banks provided \$351 million in 1955 and \$1,432 million in 1963. From that ratio, Mr. Chairman, we can see that the chartered banks have invaded this field of consumer credit to the extent that they have shown the largest increase of any of these institutions in that area supplying consumer credit during that period. I think it was the hon. Member for Medicine Hat who in his address charged the chartered banks with failing to accept the needs of the consumer, and in the early days that was quite patently true. But they certainly have demonstrated, since they have decided to enter the field,