

My point in bringing this latter matter up is to point out that the first item I have mentioned is not an isolated issue.

I would appreciate responses to the question of student aid and to those other matters I have raised with respect to the aboriginal peoples.

[*Translation*]

**Mr. Pierre H. Vincent (Parliamentary Secretary to Deputy Prime Minister and Minister of Finance):** Mr. Speaker, my colleague talks about the system of student loans and we know that it guarantees loans through chartered banks or other designated lenders for all eligible students in Canada.

Mr. Speaker, \$630 million in loans a year are guaranteed for nearly 215,000 students. Since the program began, \$7 billion of loans have been made to almost two million Canadian students. This program has thus proven itself. The latest budget announced changes to reflect the economic and social realities of 1992. I think that the hon. member is drawing a hasty conclusion in saying that absolutely nothing is happening, when student loans are being reviewed as part of the normal review of the different programs in the various departments.

As for my colleague's second point, I must tell him that the Department of Indian Affairs has regular contacts with the Assembly of First Nations to try to improve and clarify the points being discussed at that level. I think that if the hon. member is patient, as I know him to be, he will have positive results quite soon.

[*English*]

#### INTEREST RATES

**Mr. Ron MacDonald (Dartmouth):** Mr. Speaker, I rise today concerning a question I asked of the Minister of Finance on November 21, 1991, on one of my least favourite subjects but one that I unfortunately had to raise many times in the House. It deals with credit card interest rates that the major financial institutions have been getting away with over the last number of months.

This is not a new issue. There are over 30 million bank cards in circulation across this country. According to the

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banks' own admissions, out of the 30 million cards roughly 50 per cent of those cards carry a monthly balance of \$1,000 or a little more per month. It does not take a mathematical wizard to sit down and figure out that what you are dealing with is not just a few thousand dollars. Fifteen million cards times \$1,000 balance per month adds up in the course of things to billions of dollars over the run of the fiscal year.

The problem we have is that as the prime rate or the T-bill rate plunged through the fall months of last year, we did not see a corresponding adjustment in the credit card interest rate market. Indeed, what we saw was that the big banks that offer Visa and MasterCard were charging the same rate of interest when the prime rate dropped as when the prime rate was four points higher.

We have constantly gone after the minister and the government to take some action. It has been the subject of much debate and much public scrutiny through the Consumer and Corporate Affairs committee. But the committee cannot take action. The committee can simply sit down and listen to interested groups of consumers and grill the banks as to why it is they think that interest rates, the spread of which was 12 points higher than the T-bill rate back in November, were not usurious rates of interest.

I want to put it in perspective. For every 1 per cent that the big banks charge in excessive interest on credit card balances, in the course of the year it amounts to nearly \$150 million in additional interest charged to consumers. If this isn't gouging, I don't know what is.

We have called on the government time and time again to have the Minister of Consumer and Corporate Affairs call the banks, and in the absence of his persuasive abilities, to get them to drop these usurious rates of interest and to come in with legislated caps.

I want to make it very clear that I have never been a fan of legislated caps, but I am a fan of fairness in the marketplace, and fairness in the marketplace does not mean that the big banks can get away with a 10, 11 or 12 point spread over what they borrow their money at and what they lend it out to consumers at through the credit card interests rates that they charge.