

*Bills of Exchange Act*

Speaker, valuable as the present amendments are, they are only a very small step. The minister himself acknowledged that we should be wrong in thinking any dramatic changes will take place as a result of this legislation. It is a necessary but very small step and does not really deal with some of the fundamental problems relating to consumer credit.

• (2:20 p.m.)

The most important aspect of the report in my view, and I think my view was shared by most of the committee, was the aspect dealing with the granting of federal loans to help poor people. The minister is on record and has indicated his concern about the position of poor people who try to borrow money. Federal loans for them are absolutely essential. This seems such an obvious move to make in dealing with one problem of consumer lending, that I find it difficult to understand why the government does not move as the report recommended. This is one area in which the government does not have to seek approval from the provinces. The government can act on its own through the Bank of Canada and through that agency to the chartered banks. The committee recommended that banks in Canada be asked to provide consumer loans at low interest rates up to a certain amount for those people who would otherwise have to use the finance companies or receive no credit. Because of the somewhat higher risk that might attend such loans, it was recommended that some guarantee be given by the federal government. There is nothing in the constitution to prevent the minister from taking this most needed step. What is holding it up? I hope at some time when the minister is before the committee he will have something to say on this matter.

Too often in the past, and to some extent now, we have had a tendency in our society to follow pioneer traditions and pioneer morality with respect to consumer credit. It was felt that people who borrowed were not as good as those who did not. This seemed to be the attitude. The time has come to stop moralizing this issue. The truth of the matter is, whether we like it or not, that we have to live with consumer credit. If we are going to accept the role of consumer credit in our society, we should ask ourselves how we can provide this credit in a fair and equitable way. That certainly is not the case now.

The businessmen have a saying that if you have the money, the bank will give you the money. This, to a large extent, is one of the

[Mr. Saltsman.]

problems with consumer credit in our society. There are other problems, but you are more likely to receive credit if you do not need it very badly. We have discussed the difficulties that can be encountered by people who are given credit. This serious problem could be dealt with by the recommendation made in the consumer credit report of 1967. We must look beyond that to see what happens. There is a tendency for people to think that only the poor are being subsidized when in fact the middle class in our society receive larger subsidies in many ways, although they do not always acknowledge this.

Credit is available in our society. However, in many cases it is only available to those who are somewhat better off. They may need the credit, but their condition is not all that serious. Those people, born with a lot of drive and the ability to absorb what is provided by our educational system, with the advantages of environment depending on which side of the tracks they were born, in what city or part of the country, are able to progress very well in our society. Those who are not born with these advantages cannot be held responsible for the fact that the liberal society, the open society, does not provide them with an opportunity to do well. They simply cannot run that kind of race for one reason or another. To them, the liberal society is a fraud. The situation is similar to telling people to run in a race where the contestants are unequal or possess different qualifications.

If you are born with the kind of attributes that enable you to attend university, you may take advantage of some very effective subsidies. The largest part of the cost of a university education is not paid for by the fees of those who attend. It is paid out of the public purse. If you are in the position where you either have some income or have been left some income to purchase a farm, there are farm credit corporations from which you can obtain additional credit. This is true in business and in other areas. However, if you are poor and do not possess the skills and the special energy it takes to get ahead in this society, along with a bit of ruthlessness, there is nowhere you can go. The avenues of credit are closed to you. Even if they are open to you, you are immediately placed in a different situation. You are not able to repay the money you borrowed because of the high rates of interest or because your income is not great enough.

I recently spoke at a consumer conference sponsored by the consumer finance companies