

Government Orders

a bank structured to assist primarily small businesses which would have a difficult time obtaining loans from the traditional lending institutions. I must say that I am most discouraged by this particular initiative. The mandate of the Federal Business Development Bank has changed. I think all members of Parliament who operate with the Federal Business Development Bank in an effort to help small businesses particularly, know now that its mandate has been changed so that it has now become, perhaps, one of the most conservative banks in Canada. The bank has been instructed to make money, to make a profit, and to take no risks. Consequently, I think we all know of instances where collateral of 400 per cent or 500 per cent of the value of the loan is required.

• (1230)

If there is a bank of last resort, it is not the Federal Business Development Bank; it is probably the bank of first resort. If you really do not need any money, the Federal Business Development Bank is more than interested in working with you. If you need money, it is probably one of the last places to go, with some exceptions. I want to say that there are some branches that, in their own way, are able to use the existing policy and still assist some small businesses. I do not want to cast it aside totally, but I do wish the federal government would revise the mandate of the Federal Business Development Bank, particularly at this very critical economic time.

My hon. friend also asks about the whole matter of nationalization of banks. I think that the policy of our party has been to recognize that effective regulation of banking is preferable to nationalizing. Effective regulation recognizes that all of the banks operate on charters that the Bank Act and the charters come through the Parliament of Canada and that the Parliament of Canada is the place to introduce appropriate regulation of banking as well as other aspects of the financial world. I want to say to my hon. friend that rather than simple nationalization, other countries have proven without question that adequate and structured regulation is preferable and that adequate and structured regulation is all that is actually required to direct banking policy in the best interest of what the government policy of the day happens to be. I hope that helps my hon. friend because it is an interesting question and one which comes up frequently. I hope my response has clarified

this, not only in the mind of my hon. friend but in the minds of others as well.

Let me not miss this opportunity to say something about the central bank. The Bank of Canada is, of course, the national bank, owned by the people of Canada. I would say that it is now being used against the people of Canada and that the fundamental policy of the central bank is wrong. I think and, with some exceptions, even my hon. friends who sit on the Conservative benches would have to acknowledge that with a now stabilizing inflation rate, knowing where we are in terms of the economy and the direction in which it is moving, and anticipating the likely introduction of the goods and services tax as of January 1, to continue on with our bank policy of high interest rates and high dollar is tantamount to disaster. I believe that if my friends opposite would reflect their personal views, they would have to agree with that.

Let us not lose sight of the fact that if we had a different government, and a different governor with a different set of priorities in terms of fiscal and monetary policy and part of it channelled through the policies of the central bank, that conditions in this country would be somewhat different, perhaps even spectacularly different. I say, let us not lose this opportunity to reflect on that very important instrument.

Hon. Pierre H. Cadieux (Solicitor General of Canada): Mr. Speaker, I have a supplementary question. I must admit, right away, that I have not been following the changes in NDP policies very carefully. Since the hon. member for Kingston and the Islands has underlined the fact that there seems to have been a change in the NDP policy on nationalizing banks, and if I understood the hon. House leader of the NDP correctly, he acknowledged that, yes, the position of the NDP has changed. Perhaps he could let this House know when, exactly, the NDP made that change.

Mr. Riis: One of the strengths of the New Democratic Party is that we do have policies—agriculture, rural Canada, fishing industry, soil conservation, social policy, housing policy. We actually have policies, unlike the Conservatives whose policies are very liquid and the Liberals, well, they just play it day by day, depending on how the wind is blowing. That is their policy. That is one approach. I do not think it is a good one. The Tories have