

*Bank Act*

improvement loans, small businessmen's loans and fisheries improvement loans.

**Mr. Lumley:** Those areas have nothing to do with the Bank Act.

**Mr. McKinley:** These loans are received from banks. We are dealing with the Bank Act at the present time.

During the past number of years, most banks do not want to admit that this legislation exists. This legislation has been on the books for many years. It was amended last session in order to make the limits of loans higher and to make the definition of the small businessman higher. Amending this legislation did not do anything to make it more usable by farmers, small businessmen or fishermen.

At the time of the amendments to these acts last year, we were informed that negotiations would take place with the banks to establish an equitable interest rate for the granting of these loans. Apparently this has never been done. Farmers, fishermen and small businessmen have been turned down regularly when requesting loans under these acts.

**Mr. Abbott:** Mr. Speaker, I am sure the hon. member would not wish to speak incorrectly. I realize he is very interested in this area. Negotiations such as he described took place. Regulations were passed to amend the interest rate to a point above prime. The Canadian Bankers' Association has expressed warm support. It will work hard to improve the utilization of this act. Only \$80 million was lent last year, but we expect much more to be lent in the months ahead. The same situation will apply in respect to farmers. I just wanted to inform the hon. member of those facts.

**Mr. McKinley:** I thank the hon. Minister of State (Small Business) (Mr. Abbott) for his intervention. I am pleased to know that some action has been taken. Perhaps it was as a result of the question I posed to the Minister of Finance (Mr. Chrétien) some time ago in order to get him moving on this situation. Until I posed that question, nothing had been done.

I would like to see more done in this direction. Since this legislation is on the books, it must be adhered to by the banks. If it is not adhered to, the legislation might as well be done away with. At this stage in our history it is more important for these loans to be granted by the banks, because farm incomes are down approximately 30 to 40 per cent for the last two years. Approximately three years ago the banks were not too interested in these particular loans because farmers were making enough money and small businessmen were doing fairly well. At that time the banks did not require government backing in order to grant these loans. They suggested that a demand loan would be granted based on collateral.

It is time for the government to provide a policy to the banks which can be followed in order to provide loans that are government backed, up to the percentage called for in the act. I am referring to loans to farmers, fishermen and small businessmen. I realize these people in my area are having difficulty being granted these loans.

[Mr. McKinley.]

As expressed by the hon. member for York-Simcoe (Mr. Stevens), I am also very disappointed that the original Bank Act is being extended to the early part of 1979 instead of our debating the Bank Act as revised by the government. That would provide us with a chance to go over the act and discover the improvements it requires, as well as taking action in that regard.

The main reason the government does not want to bring in the Bank Act now is because it would contain unpopular provisions regarding the credit unions and the caisses populaires, particularly in Quebec. That is not the manner in which a responsible government should act. The Bank Act should be brought in as quickly as possible in order for hon. members to see what it is, think about it, make necessary changes and make sure arrangements are made to ensure that farmers, fishermen and small businessmen are able to obtain loans under this act.

**Mr. Ray Hnatyshyn (Saskatoon-Biggar):** Mr. Speaker, I am pleased to have an opportunity to address myself to this particular bill. Before the matter is brought to a vote, I should like to make a few comments.

I am as anxious as all hon. members to have this matter come to a vote, primarily because it is another opportunity to bring to the attention of Canadians the very serious shortcomings of the government of the Minister of Finance (Mr. Chrétien) with respect to economic policy and the economic leadership which is greatly needed at this time. During the period of time that the minister has been in his portfolio, he has faced some of the most crucial economic times in the history of Canada. Certainly they are most crucial from the point of view of the economy of our country since the last great depression.

Approximately four years ago the matter concerning changes to the Bank Act was brought to the attention of the government by such hon. members as the hon. member for Edmonton West (Mr. Lambert). At that time it was pointed out that it was absolutely essential for the government to take steps to commence discussion, consideration and the establishment of proposals, so that by the time the act expired there would be in place provisions to go forward for another ten years. Therefore, it is not a question of whether the government was given adequate notice, nor whether the government had sufficient time to bring forward proposals. In fact, this is the second extension the government is requesting in order to carry on with the provisions of this bill. This is another indication of the lack of ideas on the part of the government regarding Canada's economy and the future we face.

The Bank Act is a very important and crucial instrument in the over-all economic planning of our country. If the chartered banks do not have any idea as to the direction in which our country is going in this particular area, nor as to the policies of the government, then how can they play their full role in the development of a stable, progressive and expansive economy?