

*Bank Act*

these industries—most of whom are small business people—depend to a rather large degree on obtaining operating capital through local banking and financial institutions at competitive rates. It is important to them that operating loans are available quickly at reasonable rates. Unfortunately, in recent months the ever-increasing escalation of interest rates to unprecedented levels has made it extremely difficult for business people, for farmers, for fruit growers, for people in the lumber industry, and indeed for all small business people—or large business people—in the Okanagan and elsewhere in Canada, to operate at a level of activity and a margin of profit which would enable them to survive. Here we must ask who is to blame for these high rates.

There are those who blame the bankers. There are those who blame the banking system. There are those who blame the central bank. Mr. Speaker, there is only one place we can lay the blame for high interest rates. There is only one place we can honestly look to for responsibility for those killing interest rates. There is only one culprit, Mr. Speaker, and that culprit is the present Liberal government, a government whose policies over the past 12 years have been solely responsible for the position that all business people, home owners, and the whole country, are in today. Over those years this government has pursued a reckless, irresponsible, and indeed almost an insane policy of government spending, a policy of huge and ever-increasing deficits and a policy of printing money to meet those deficits, a policy of building bigger and bigger bureaucratic monstrosities until today our civil service establishment per capita is one of the largest in the world. It is this government, with its policy of inflation, which has caused the high interest rates, and it is this government which seems determined to maintain an even higher inflation rate and consequent high interest rates.

It is indeed unfortunate, Mr. Speaker, that the passage of this bill to revise the Bank Act will probably have no effect on the disastrous economic policies of this government. I speak in favour of the early passing of this bill, however with some changes which I shall detail later.

There are two general areas of the bill which deserve commendation. First of all, the bill purports to increase competition in the Canadian banking system and, by doing so, it will almost certainly strengthen an already strong Canadian financial and banking structure. The bill will increase competition by providing easier entry into the banking field by new banks, first by making it possible to incorporate by letters patent rather than by an act of Parliament. Second, it will allow greater access to the Canadian market by foreign banks and thus provide existing Canadian banks with greater competition and the Canadian public with a greater diversity of banking institutions.

The banking community of Canada supports this move, this endeavour, for greater competition. This support has the hon. member from Kamloops-Shuswap (Mr. Riis) of the NDP wondering how much competition will really result from this act. He said, if I remember his words, surely the banks are going to face additional competition, and they are in favour of

it? Surely the act is not going to provide the competition which the minister says. He indicated that those big, bad financial corporate bums, as they were once termed by the NDP, would not favour this act if they were going to find competition. I suggest to him that those big bad banks, the Canadian bankers, are as capable as any in the world and they are prepared for a trade-off. That trade-off is that they are prepared for greater competition in Canada if they receive similar, reciprocal treatment to enable them to compete in other parts of the world, which they feel they can do effectively.

● (1610)

As a Canadian I am certainly pleased and proud that our financial institutions are known and exist the world over. I only wish other Canadian companies were as successful in competing around the world.

The Canadian public will benefit from the increased competition which will be encouraged by this bill, in two ways. First of all the entry of foreign banks into the market will provide a greater diversity of financial services. We live in a world marketplace. The time is long gone when we can be parochial and limit our horizons, whether as individuals or as businesses, to the confines of one country.

This is particularly true of the financial world and this country can only benefit by having access, not only to the credit resources and financial services of Canadian banks, but also to the credit resources and financial services of some of the great financial institutions of the world.

That is why I favour the early passage of this act, because it will allow foreign banks easier access to the Canadian market and provide Canadians with access to their financial resources. Bill C-6 also deserves my support, and the support of this House, because it will make it easier for new banks to be established in the maritimes, in eastern Canada and in the western provinces. This bill will facilitate the conversion of existing financial institutions to the status of a chartered bank. Again, as I said earlier, this bill will make entry into the banking business easier.

We, in western Canada, are well aware of the results and effects of the lack of competition that used to exist among the major banks in this country. It was not too long ago that the head offices of the major banks in Canada were located in Toronto or Montreal. I have worked with large businesses, and with small businesses, in the western provinces of Saskatchewan, Alberta, and now British Columbia. I well remember in the 1950s and 1960s, and earlier, whenever there was a small, short depression—now they call them recessions—and money was in short supply and credit was tight. The local managers of the major banks were forced to go to their customers and call their loans. This was done because decisions were made and based in the offices in eastern Canada. Of course their decisions were based on the needs of those companies which needed credit in different parts of the country.

Things have changed. We now have several new banks. Some of the banks have head offices and decision-making offices in western Canada. We now get loan and credit-making