

help economic growth by creating greater spending at the consumer level through fair credit card interest rate practices.

• (1845)

What this proposed legislation does is create fair and reasonable regulations for those lending and credit institutions to follow while at the same time making reasonable profits from those services.

I should also point out the positive effects this legislation will have on our economy. It will create a more positive atmosphere for the general public who use credit for purchasing merchandise and services to increase spending since they will not be allocating a large part of their cash flow to the bank's interest charges.

No hon. member should argue against more capital being injected into our retail sector. It has been mentioned that the credit card institutions have shown stability in that they have not raised their rates with the fluctuation of the Bank of Canada rate over the past few months.

No wonder. This country has been enjoying its lowest interest rates in 30 years and the financial institutions have not reacted to the massive drop at any point by lowering the interest rates charged to these clients in recent days. That is the reality in times of nationally high interest rates. Banks keep credit rates higher and in times of low interest rates they keep the same rates in order to reap from users even more cash.

This is no small potato. In today's retail market credit cards account for some \$50 billion in purchases in Canada. There is little wonder why banks and other financial institutions are so reluctant to control and lower their interest rates for the Canadian consumer.

When the average interest rate is anywhere between 11.5 per cent and 19 per cent, there is a lot of profit to be gained from interest rates by the banks.

I know some will argue: "What's wrong with profits". However, we must ask ourselves what is reasonable in terms of profit. If the credit card suppliers, the banks, are not carrying on their responsibilities in a reasonable way then Parliament has a responsibility to act in the people's interest. That is what I believe we are trying to do with this bill today.

I have watched previous governments and previous administrations show concern over credit card interest rates, indeed at times even on lending rates themselves in the past, but when the pressure came to bear and push came to shove those previous administrations failed to act.

This bill gives us as a government the opportunity to act. Action speaks louder than words. We were elected as a govern-

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ment of action. Let us show we are true to form and act on the intent of this bill when it gets to the industry committee.

That is why I am asking all my fellow members of Parliament to consider the intent of the member's bill, to put in place fair regulations to control banks and other financial institutions, to prevent massive profiteering at the expense of the average Canadian consumer. After all, it is the consumer that is very much affected by recessions which stats show is then passed on to the retail sector.

The banking industry has not felt the same impact in hard times. It is time that legislation was passed to protect the average Canadian from the excessive interest rate charges by the big financial institutions.

As I stated earlier, we do everything we can to ensure stability and security for the lending institutions under the Canadian Bank Act and special measures through the Bank of Canada in terms of borrowing rates for those lending institutions.

• (1850)

We can do no less for Canadian consumers than ensure that there is fair play and a reasonable spread in interest rates. I encourage the industry committee to ensure that the intent of this bill is acted upon and that we as a government show that we mean action and we mean business.

[Translation]

Mr. Pierre de Savoye (Portneuf): Madam Speaker, I welcome the opportunity this evening to add my comments to those made by my colleagues on Bill C-233.

Since we already know this bill will be referred to committee, I will not dwell on its merits which would otherwise have been ample reason for me to warmly recommend this legislation. Nevertheless, I would like to add to the remarks of the previous speaker by providing some further emphasis, to be absolutely sure the committee realizes that this bill enjoys strong support in this House.

I may recall that since the early eighties, three parliamentary committees have examined the credit card industry in Canada. In 1989, the Standing Committee on Consumer and Corporate Affairs focused on the importance of disclosure, while in 1992, the committee considered the possibility of restricting entry fees. In 1987, the Standing Committee on Finance looked at the size of the competition.

Although the themes were different, the three studies all focused on the high rates of interest applied to credit cards and the fact that these levels were maintained while all other types of interest went down.

In 1989, the committee recommended that the maximum rate for cards issued by financial institutions should be set at 8 percentage points above the bank rate, while in 1992, the committee recommended against setting limits.