

populaires across Canada have memberships totalling 7½ million, and there are 4,000 such institutions. Is the government afraid to face the credit unions? Is it afraid to sit down in committee and discuss the Bank Act? Is it afraid to deal with these 4,000 institutions? Is this one of the reasons for the stalling with respect to the bringing in of this bill? I am suspicious of this.

In a document entitled "A Summary of Concerns Respecting Proposed Federal Legislation", the Co-operative Credit Society of Manitoba indicated the following:

Bank Act Proposals—As we understand it, the government's basic purpose here is to integrate the payments system and to encourage fair competition among the financial institutions—as becomes a democratic society—maintaining Canadian control of our own banking system and avoiding undue concentration of power and influence in this field.

We agree all qualified institutions should have access to the Canadian payments system through membership in the proposed Canadian Payments Association. However, the manner in which present arrangements are to be effected is of some concern since the system must be applied nationally and yet not clash with the jurisdiction of the province whose legislation has traditionally dictated the Manitoba Credit Union regulations. This positive approach is specifically mentioned in the white paper. We feel impelled to emphasize its importance here for reasons set out in the credit unions' response to the proposed banking legislation which you have before you.

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Especially of concern to our members is the matter of proposed credit union inclusion in reserving with the Bank of Canada. We feel, and feel quite strongly, that proposals in the white paper in this regard are based upon the long since antiquated idea that the chartered banks are the only financial institutions of significance in Canada. Also we feel that based upon this outmoded idea, the proposals regarding reserves with the Bank of Canada by all other financial institutions, which is based upon traditional chartered bank operations is unrealistic.

I should like to read also from the 1976 Annual Report of the Co-operative Credit Society of Manitoba and Subsidiaries. This gives you an idea of how long they have been preparing for changes in the Bank Act. It is unbelievable that the government, with the staff it now has, could not have been prepared last year. The Co-operative Credit Society of Manitoba in its brief states the following under the heading "Bank Act Revision":

Nature of the Canadian financial systems' development will hinge greatly upon final provisions of the Bank Act, which currently is undergoing its decennial revision. Manitoba credit unions' concerns are embodied in the National Association of Canadian Credit Unions' (NACCU) briefs to the federal government, prior to and following release of the government's white paper.

Our position is that the credit union system be included in the Canadian payments and electronic funds transfer systems, that the credit union system have direct access to the negotiable orders clearing system, and that credit unions be excluded from the proposed requirements of direct reserving with the Bank of Canada.

Credit unions maintain that the holding of reserves for monetary policy purposes and the maintenance of a settlement account for payment purposes are two entirely separate issues and should be considered separately.

These are some of the issues which we should be discussing in committee. In the meantime the government's constant delaying leaves the committee hanging in mid air.

In the white paper there is a reference to residential mortgages. With reference to that matter the white paper states:

Bank Act

The Bank Act now places arbitrary limits on bank holdings of residential mortgages. The limits have so far constrained only new banks, but in future they could also curb mortgage lending by larger banks. The limits will be removed in recognition of the need for residential mortgage funds.

Because of the problems we have today with high mortgage rates and difficulties which Canadians have in obtaining mortgages and finding proper housing, it is imperative that we get on with amendments to the Bank Act and that we do everything possible to help Canadians receive residential mortgage loans.

Another important aspect pointed out in the white paper is in regard to investments in Canadian corporations. It states:

The white paper outlines a limited number of exceptions to the principle that the business of a bank should be provided directly through its own corporate structure.

The exceptions arise in such areas as residential mortgage lending, certain mortgage-based funds, venture capital and joint venture activities.

In Canada today there is practically no venture capital available and very few joint venture activities. This is one of the reasons why we have such record high unemployment. Our secondary industries are not expanding because they cannot obtain venture capital. Two and a half years ago the government pointed out the need for venture capital for secondary industries. However, it has been stalling on this issue. It is unbelievable, in light of the financial problems we are having in this country. Businesses are closing down or are pulling out of the country; there is record unemployment; our secondary industries cannot expand because they need venture capital, and yet the government is stalling. It is absolutely ridiculous.

Back in 1975 the Canadian Federation of Independent Business presented a document on changes to the Bank Act. Two or three years ago everyone was doing their job to prepare for this, but not the government. It is not prepared to do anything other than engage in another stalling tactic. It causes as much confusion as it possibly can in this country. The Canadian Federation of Independent Business pointed out a number of policy issues about which they are concerned, such as the portion of bank loans made to independent business; support for new venture formation—they were talking about venture capital and how important it is in this country, and that was back in 1975—the role of guaranteed loan programs; the role of banks in fostering Canadian ownership—that is very important in Canada—the impact of bank credit cards; the broadening of bank services to compete with customers; competition in banking; the role of banks in furthering the process of concentration of power; and the role of banks in regional disparities.

The hon. member for Winnipeg North (Mr. Orlikow) commented on the huge profits that banks are making. That is something we should discuss with the banking officials when they come to the committee. I will have no hesitation in discussing this with them.

I should like to read an excellent article which was recently written on this subject headed "Credit Unions Can Now Give Banks a Run For Your Money". It reads:

Why would anybody want to deal at a bank when it appears they can get a much better deal at most credit unions and many trust companies?