

Monetary Proposals of Social Credit Party

what we provide to foreign countries. Now, what is happening all over? The citizens are taxed to pay for schools, hospitals, roads and public bridges and they are charged collectively the price they have already paid for the goods.

Production, actual wealth becomes for them an interest-bearing debt and, with the years, the charges paid may amount to two, three or four times—

• (5:50 p.m.)

[English]

Mr. Deputy Speaker: Order, please. It being six o'clock I do now leave the chair until eight o'clock.

At six o'clock the House took recess.

AFTER RECESS

The House resumed at 8 p.m.

Mr. John M. Reid (Kenora-Rainy River): Mr. Speaker, I want to say just a few brief words on the question of interest rates, and at this time I want to register some local protest from individuals in my constituency who have been having difficulty obtaining loans for the purpose of building business operations and houses. In the last week or so we have seen the tremendous increase in profit which the banks have reported for their last year's operations. We also heard a lot of complaints in this House that interest rates are too damn high, to use the words of the Minister of Finance (Mr. Benson). We have seen that the Canadian government has had to pay up to 8 per cent interest for money it obtained in the market.

I am told on fairly good authority that the long-term interest rate structure has not changed much. The reason interest rates are so high is the inflationary factor. When all other companies are losing money and their profits are going down, the banks are in a position to improve their profits at the expense of all of us.

I wish to comment on the rationing of loans because it seems quite obvious that instead of making advances to people in business, to increase employment, the banks are venturing into the more lucrative field of consumer loans. Instead of making loans to help businesses expand and develop, the banks urge you to get a red convertible loan. Instead of advancing money with which to build a

[Mr. Latulippe.]

house, they urge you to take a vacation in some sunny climate. The point I am trying to make is that while the banks have an obligation to return a profit to their shareholders, they also have a social obligation to regulate the flow of credit into those areas which society as a whole deems to be the most useful.

At the present time, when we are talking about a housing shortage, the banks have not been making money available to help the situation; instead, they have been urging us to spend money on more frivolous things. In areas like my own there is a situation wherein the loans made for business expansion and for homes are not as large as those that can be obtained in other areas, yet people in these areas still have to live and work. The banks and the trust companies should be obliged to put a certain amount of their finances into these areas as a social lubricant.

As a result of the profits the banks have shown, they could very well entertain a redistribution of their loan pattern in this way. I am particularly upset about reports that capable businesses with guaranteed contracts cannot get working capital from the banks in order to finance these operations. I am also concerned about reports that when people try to obtain money for housing, the banks will not make it available to them because they prefer to make red convertible and travel loans, where the profits are greater.

I think it is the duty of the government to set the priorities for society; in other words, it should decide that we are going to build so many housing units and then make the regulations necessary to direct the flow of available credit into these areas. As in all other matters, decisions will have to be made. Some people will have to do without things. Nevertheless, we are not operating with boundless resources; there are restrictions. The government must reconsider the policy established when it removed the 6 per cent ceiling on the interest rate. I thought this would result in a more equitable distribution of funds, but that has not been the experience so far.

The government will have to decide in its wisdom what the priorities are for society. If necessary, it will have to coerce the banks and other financial institutions into providing the means whereby these goals can be achieved. I am thinking of expansion money for businesses, particularly for small businesses, and for housing units. These things should come before red convertible and travel loans.