

Farm Improvement Loans Act

● (8:30 p.m.)

committee on March 3, 1966, as reported at page 92 of the committee report:

A bank certainly cannot make every decision from the point of view of immediate profits. It has to look to the future development of its business, to the welfare of its customers. A bank cannot prosper unless its customers prosper. It has to have regard, I would think, for the welfare of the area—

I am speaking here of areas engaged in agriculture.

—in which it operates; and certainly this would be more true of a regional bank than of a bank spread all over the country without attachment to any one particular place.

In other words, Mr. Chairman, this former governor told the bank that it should pay close attention to the segment of the economy and the area that it was serving, that it must do this in accepting its charter.

I have some reservation about the near banks, the trust companies. The act refers to loan companies; I was tempted to say "loan sharks" but I would not want to say anything that was not in the act itself. These loan companies are going to be able to qualify for the purposes of the act and will be able to lend money. I have no hesitation in including the treasury branches in Alberta because they have already served a particular segment of our economy. The minister can smile smugly about this.

Mr. Olson: He is ready to reply right now.

Mr. Horner: The minister has not really answered the question about the charter of a bank. I asked the Minister of Finance a few days ago what he believed a charter meant, and he said that a bank had to agree to whatever bank rate was set. In effect that was his answer.

Two nights ago in the house I said that the government is the seat of power. In our dealings with the banking institutions of this country we have been very scrupulous. We have prohibited the foreign ownership of a certain bank in this country solely because we wanted to assert that forever and a day the banks of Canada would work to the general advantage of Canadians. The Minister of Agriculture and the Minister of Finance say that the interest rates cannot be set too low or the banks would not lend money. They say their hands are tied, that they have to agree to the rate set by the banks.

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I admit that my interest in this matter may be swayed by my personal interest in agriculture. I am a dedicated farmer and concerned about the desperate plight the industry faces today. Our difficult harvest has not aroused in me feelings of enthusiasm with regard to this bill. I am participating in the debate on a piece of legislation that seeks to hoist interest rates the agricultural industry must pay. I am not happy at that prospect, as some are on the government benches. They have been smiling all night.

An hon. Member: And laughing.

Mr. Horner: Banks must be told that their charters are privileges. Both Mr. James Coyne, the former governor of the Bank of Canada, and the inspector general of banks, have stated in committee that they consider banks to be quasi public utilities. If that is so, then I say that the government, which has the power, ought to say to the banks, "See that you co-operate whole-heartedly with the agricultural industry and make money available to it at the lowest possible rate of interest." Only then will our guarantee mean something. The minister nods his head. A couple of days ago he said that, so far as he was concerned, the government's guarantee to the banks meant that the farmers would have to pay 1 per cent less for their money. I then tried to learn from the Minister of Finance his conception of the meaning of a bank's charter, and whether banks were obligated to lend money at 1 per cent less than the going rate. I could not learn from him what he thought a charter meant to a bank. I could only conclude that he was in the hands of the banks.

An hon. Member: No.

Mr. Horner: He had pretty well accepted their ideas.

An hon. Member: Shame.

Mr. Horner: I would not say he was a pawn in the hands of the chartered banks, but if he was not, he came awfully close to that.

Some hon. Members: Oh, oh.

Mr. Horner: That is the impression he left. No doubt the Minister of Agriculture wants to say, "No, he was not." Perhaps we ought to hear from the parliamentary secretary to the Minister of Finance, because the Minister of Finance cannot be here. This is the end of the