

*Bank Act*

with respect to what the lending institutions will do with the interest rate later.

I do not have to tell hon. members, who know as well as I know, or perhaps better, that we normally deal with three different kinds of borrower, the individual borrower, the business borrower, and the borrower involved with mortgage loans. In my submission there ought to be some decent relationship between the rates charged to each class of borrower. If the classes can be subdivided further without creating confusion, by all means let us do so.

We ought to have some regulatory body perhaps the Bank of Canada is the best body—to ensure that the removal of the ceiling will not merely create an opportunity for the lending institutions—all of them instead of only some of them—to exploit particularly some of the small borrowers of the country. If the minister does not like a regulatory body, then I suggest, as urged by my colleague the hon. member for Nanaimo-Cowichan-The Islands, that we establish a publicly owned commercial bank in this country and take advantage of the Mercantile Bank situation to achieve that purpose.

This is another and very effective way of regulating the interest rate, or at least of influencing the interest rate and influencing the flow of available investment or lending funds in the right direction.

• (9:10 p.m.)

The hon. member for Edmonton West referred to the suggestion made by my hon. friend and said he was talking about a fetish of his—the nationalization of banks. I would point out that my hon. friend was not suggesting the nationalization of the banking system. He was suggesting that we take into the hands of the people of Canada through the government a commercial bank which we could make sure would function in the interest of the economy and of the people of Canada and which would introduce genuine competition into the banking system. No one can convince me that there will ever be competition among the chartered banks of this country, and I do not think the minister believes there will be. There may be, and there is, competition between them and other lending institutions; but that nice, cosy club the Bankers Association, is such that there will never be any real competition among the banks themselves. Very few people in this country believe otherwise.

[Mr. Lewis.]

Why this doctrinaire approach by the minister? Why does the hon. member for Edmonton West feel so outraged by the suggestion made by my hon. friend? The fact is that the government of Canada is already in the business of banking, either directly or indirectly, through a number of statutes which are on the statute books of this parliament. Let me mention a few. Under the National Housing Act, both by guaranteeing loans and by making direct loans we are in effect in the banking business. Under the Farm Credit Act credit to farmers is guaranteed by the federal treasury and loans are made to farmers at an interest rate of 5 per cent, if I remember correctly. This is an intervention by the government to make sure that farmers can obtain the credit they require without having to pay a usurious rate of interest. The Small Businesses Loans Act, even though it has not been very widely used or very effectively implemented, is intended to assist in the provision of credit to those engaged in small business who cannot obtain credit through the usual channels. The Student Loans Act is a form of banking into which this parliament has entered through legislation. The Municipal Development and Loan Act is another form of banking which this parliament has undertaken.

The Export Credits Corporation, by guaranteeing export credit, is engaged in another form of banking which has been undertaken by parliament. The Industrial Development Bank is an agency by which direct loans are made to business people in certain circumstances. Here are seven statutes which are on the statute books today, and there are probably others I have not thought of. Why does this legislation exist? It exists because the parliament of Canada found that the ordinary banking facilities and the ordinary banking methods based on making as much profit as possible and getting as high an interest rate as the traffic would bear were methods which could not serve the farmer, the student, or the small businessman who needed a loan and could not survive if he had to deal only with the banks or other lending institutions.

Why all this fuss, therefore because we suggest that in addition to this piecemeal kind of banking here and there this parliament and the people of Canada should set up a publicly owned bank in competition with the privately owned chartered banks as a yardstick, as a model, so that two things could be achieved.