

These loans have enabled certain borrowers to start an enterprise, and have also been of benefit to an industry that has been badly underserved in Canada and which could not expand if moneys had not been forthcoming. These moneys were needed to provide facilities in certain areas where facilities had hitherto not been available.

One must also remember that when the government grants moneys under the DREE program, it grants moneys to industries that may be marginal. There, again, the government has entered the banking field, in a manner of speaking. Actually, I am not surprised to see some of these projects going into bankruptcy; neither am I particularly worried. It is desirable to establish industries in certain areas. Some industries need help desperately and, after the banks have refused to help, they have come to the government. Therefore, I say that the government has become involved in the field of banking. For that reason, Members of Parliament should look carefully at the bill before them.

We must look at the entire banking system itself and see how it affects industrial development in Canada. I am not particularly interested in setting up a bank which will merely operate in the old pattern already set by the chartered banks, for their operation has been totally deficient in many fields in this country. I suggest that it is hogwash to talk about an ethnic bank, hogwash to say that it is necessary in any region and hogwash to suggest that it is necessary in Toronto. If a so-called ethnic borrower could meet the legitimate conditions that would be laid down by this bank, I am sure that he would be acceptable to any other bank.

• (1730)

[Translation]

Mr. Henry Latulippe (Compton): Mr. Speaker, I am happy to have the opportunity of saying a few words about the establishment of a new bank, to be called United Bank of Canada, to which Bill C-164 refers.

Mr. Speaker, we are not precisely opposed to the creation of a new bank, but we want to give our opinion because we claim that banks do not properly fulfill their function in the economy.

They are necessary to our structure. They should ensure smooth running of our economy and not hinder it. When the economy is in trouble, the banks are involved to some extent. When the economy progresses, under our present banking system progress and development are achieved through the contracting of debts.

Canadians need healthy and efficient finances and that is why we are discussing banks. We do not seek to destroy our financial system, nor do we claim that it is wholly bad, but it must be improved.

Why do we criticize the present financial system? Because it is at the root of the evil, not fulfilling its proper functions which are to finance the production of goods corresponding to requirements and the distribution of these goods.

That is one of the proper functions of banks and we shall demonstrate that the financial system does not meet all requirements according to facts, needs and realities of our economy.

Private Bills

If the financial system did all this, it would be fulfilling its functions, but we can definitely state that it does not. And it is easy to say that it does not because we can see that the people ask for public and private goods that are definitely possible on a physical basis but that do not materialize because the financial system does not finance their production.

Also, some goods are offered to the people who need them but families cannot get them because the financial system does not finance consumption as a whole. These are undeniable facts.

Financial credit derives its value, Mr. Speaker, from real credit, that is, from the production capacity of the country. The dollar under any form has any value only because the country's production can supply products to support it. This production capacity is rightly called "real credit", because it is a real factor of confidence. It is the real credit of a country, its production capacity which gives people confidence that they can live in that country.

There are two kinds of credit: real credit and financial credit. To whom does financial credit belong, Mr. Speaker? At its source, financial credit belongs to the community, on the same basis as real credit, which gives it its value. This is a collective commodity which must benefit in one way or another to all members of the community.

Like real credit, financial credit by its very nature is social credit. The use of these collective goods must not be subjected to conditions that hamper production capacity or that divert production from its own specific end, namely the meeting of human needs. These needs are of a private or public nature, in the order of their urgency. The essential needs of all must be met before the luxury demands of a few can be dealt with.

Therefore, chartered banks, on account of their nature and privileges, of their sovereign right to issue credit in large quantity, meet the requirements of public order, because to lend by creating debts is to curb all development, as the terms of these loans are such as to dispossess the citizen of all their goods, public and private.

We obviously need a financial system which yields to reality rather than forces it, a financial system which reflects the facts rather than contradicts them. We need a financial system which distributes rather than rations.

Mr. Speaker, the present financial system—and this happens in many fields—is rationing both the economy and the development process. We need a financial system which helps rather than degrades. Our present banking system runs us into debts, rations and prevents possible developments and paralyzes the economy. It is inconceivable that such a financial system can be perpetuated.

Another bank, Mr. Speaker, will not alter the situation very much either way. Another bank more, or less, will not provide more credit in the interest of the people. Such credit would be provided in the form of debts, of credit issues, to the extent that they will be public or private debts.

Banks, companies, even governments, in short, all institutions or corporations are mere productive or administrative tools serving the people. That is what our banks should be. The people are sacrificed in the interest of banks, of companies, of governments and of large institutions. Is this not clear enough?