

Bank Act

Province, who would determine whether a charge should be laid or not.

Incidentally, Mr. Speaker, the proposal in this Bill envisages, somehow or other, that the Inspector General of Banks has the right, or makes a practice, of visiting individual branches. Nothing could be further from the truth. The Inspector General does not do that; he works through the head offices of the banks. He has no flying squads of auditors or other officials who visit banks to count cash or verify securities; nothing of the kind. This is all done internally by the banks.

I would even go further. With respect to the person whose property interests are being adversely affected, or a person who is aware that the property interests of another person may be adversely affected by a criminal act which has been committed in the past—say that bonds had been converted or were about to be converted to the use of a bank official—the right exists. For instance, we know there are frauds, defalsifications and conversions by individual bank employees. If anyone is aware of that, the right already exists for that person to complain to the police. It is not necessary that he should have to go through the Inspector General of Banks, who would then deal with the head office of the bank, who would in turn deal with the Minister of Finance (Mr. Lalonde). The Inspector General is not the person to determine whether there has been an offence against a property or a right of property in any way. I believe the right exists already. It does not have to be done through the Inspector General. He is not qualified, nor is the Minister of Finance qualified, to determine that there has been an offence committed or about to be committed. The facts should be turned over to the Minister of Justice (Mr. MacGuigan), whose officials are qualified to determine whether or not charges should be laid.

Frankly—and I will terminate my remarks now—while I accept the purpose which the Bill of my colleague would try to achieve, I would say that right already does exist, because in reciting to me the facts which gave rise to this particular Bill, I found that action was taken by my colleague in reaction to publicity of the situation, and the matter was attended to. To that extent, I think this amendment to Section 246 of the Bank Act is quite unnecessary.

Mr. Jim Peterson (Parliamentary Secretary to Minister of State for Economic Development and Minister of State for Science and Technology): Mr. Speaker, I am pleased to have the opportunity to speak on this important issue of the role of banks. In so doing, I would like to pay credit to the words expressed by the Hon. Member of the New Democratic Party, the Hon. Member for Comox-Powell River (Mr. Skelly).

I would like, however, to go back to some of the basics. The Finance Committee had the opportunity in a non-partisan way of looking at this precise issue and they made two recommendations: first, that we have an obligation to look at the Loan Act and the Trust Companies Act in order to give those institutions the power to get into consumer and business loans; second, that Committee recommended that the Canadian

Payments Association assume additional responsibilities to look into complaints.

The Hon. Member of our Party who spoke before me outlined adequately and well the functions of the Inspector General at this present time. I would like to make it very clear that we on this side, are not unsympathetic to the intent of providing better service to customers of the banks. As the Hon. Member for Comox-Powell River very eloquently pointed out, if the traditional way of always looking at things is pursued to its ultimate degree, if the banks do not act intelligently and compassionately in circumstances, you could end up with a small business person being put out of a viable operation. You could end up with the banks realizing on their security in such a way that they would not get as much back as if they were prepared to see that person through in particular circumstances.

In these difficult economic times all of us recognize that we are facing extraordinary circumstances, not only in our country but throughout the Western industrialized world. We have an obligation, all of us, Governments, the private sector, business and our banking institutions, to take into consideration these exceptional circumstances.

There are cases which have come to my attention, and I am sure they have come to the attention of many Hon. Members of this House, where the bank has simply called its loan on a small business which has not defaulted on any of its payments, which was probably in the same kind of economic condition as it was when the bank undertook to extend that line of credit. But the banks have been under a squeeze pressure, perhaps as a result of declining international situations, perhaps as a result of too many big loans. We have to look to the small investor who might not have the same type of political clout as the big investor.

That is why I believe the proper approach is not to enter into layers of regulatory coverage, introducing new officers into the banks, into the Inspector General's banks, trying to impose another bureaucracy on our system. Surely, that is not the approach that the Tories, in their wisdom, would want to see happen. Surely, we would not want to see a system in which, perhaps, if we took the NDP argument to its ultimate, we would legislate that banks could only foreclose under very extreme circumstances.

But legislation cannot deal with the myriad of human circumstances which exist out there. Rather, I believe the approach is one which is based on sound banking and an understanding of our present economic circumstances, as well as a sense of obligation and compassion towards our economy as a whole. If the banks are prepared to assume that responsibility, they will be prepared to look at the small business person or farmers they are going to foreclose on who will never get their security back because they have over-extended their loans in the past, and part of that could be the banker's fault. If we are going to get out of this problem in a way which is commensurate with maintaining human dignity and preserving jobs in this country, I believe the best approach is one under which the banks themselves enter into self-regulation whereby