

*Bank Act*

are over \$100 billion. That is the type of explosion that calls out for a relatively early review of our banking system and, above all, a new Bank Act to give confidence and certainty to the system which is needed in a highly industrialized nation such as Canada.

I referred to the credit union position. I referred to the fact that the government is timorous with regard to showing its hands with respect to the credit union. They obviously feel that the politically expedient thing to do is to bury this whole question and hopefully get through the next election on the understanding that perhaps they will do something subsequent to that election if, heaven forbid, they do get re-elected.

Let me refer to the Economic Council of Canada study and the fact that a committee of another part of this parliament reviewed the white paper that was tabled by this government in August 1976. After all those reviews and all the briefs that have been sent in, the government owes it to the Canadian public to show exactly what is their position with regard to the whole banking community in Canada.

As far as credit unions are concerned, I do not think a good case has been made as to why credit unions have to be put smack bang right into the banking system, as has been suggested. Let me refer to the recommendations of the Economic Council of Canada. For example, they mention that credit unions should be controlled to some degree. They make various other recommendations. My point is that one of the reasons for this unsatisfactory real growth is that the business community feels an overwhelming sense of insecurity. There is a lack of confidence. The government's indecision, its stalling on this Bank Act for political reasons, is contributing to this lack of confidence.

Most members realize that our housing industry is not prospering to the degree we would like. Who in this country feels that our mortgage interest rate structure is acceptable? Surely it is points like that which should be covered within a Bank Act revision in the hope that we can free up more mortgage money and hopefully lower interest rates for those who would like to buy properties in Canada or refinance their existing homes.

As far as that is concerned, let me put a few more figures on the record to show what could be done by a suitable revision to the Bank Act. In 1967 the banks had very little power to go into the mortgage field, but as a result of the removal of the main deterrent to bank mortgage lending in that year we find that the banks have entered that field to a greater extent than most of us would have expected. Incidentally, their gain has been largely at the expense of the life insurance companies. We find that the respective share of the banks and of the life insurance companies has been reversed as far as mortgage holdings are concerned, while that of trust companies has remained relatively stable at about 50 per cent of the market.

● (1602)

Let me put these figures on the record. While the total mortgage market has grown 375 per cent, from \$1.7 billion to \$8.3 billion, in the past 11 years, bank mortgage lending has

grown by 1240 per cent. In short, the activities of the banks in the mortgage field have grown four times as fast as mortgages have grown in Canada generally. This is the indication of the effect that a change in banking legislation can bring about. With suitable changes in this long overdue legislation I suggest we could once again bring about an effect of that kind, not only with regard to foreign international banking but also with regard to our domestic market, which at the present time is "frozen" as far as credit and mortgages are concerned.

Let me touch again on one very important question, the question of the extent to which our banks should be committed to enter new fields of activity. To what extent, for example, should they be able to get into the computer field or into the leasing field? These are issues which ought to be clarified. At the present time there are institutions which might be desirous of developing data processing facilities to a greater extent, but which feel that if the banks are to be given carte blanche to enter the field their efforts would be clobbered and their investment ill-advised. Again, there are examples of leasing firms which are very nervous about expanding because they feel that if the banks were given power to compete with them they would not be able to match the competition. These are uncertainties which can and must be clarified by the tabling of an amended Bank Act.

When I talk about details, perhaps it would be helpful if I were specific. There is sometimes a tendency in this House for members to gloss over the facts. The first suggestion of an amendment to the Bank Act was made on September 6, 1973. At that time, Mr. Turner, then minister of finance, stated that he hoped to introduce legislation in 1974. The hon. member who was the leader of the NDP at that time asked whether it could not be done earlier, say some time in 1973. Is it not almost ludicrous, Mr. Speaker? There was a suggestion being made that an amended bill should be introduced some time in 1973 instead of waiting until 1974. And here we are, now, in 1978, and we are told by the Minister of Finance that legislation is still being drafted over at the justice department.

In the Speech from the Throne on February 27, 1974, amendments to the Bank Act were promised. I notice that the hon. member for Vaudreuil (Mr. Herbert), speaking on the Address in Reply—I am sorry he is not in the House today—stated:

I am most pleased that this session will see amendments to the Bank Act. The Canadian banking system is substantially non-competitive and is run from Bay Street. This statement will bring vehement denials from our chartered banks but almost 100 per cent agreement from the banks' customers.

It is four years later and I have yet to hear the hon. member for Vaudreuil standing up and addressing the obvious question to the Minister of Finance: Where is the Bank Act amendment about which I spoke so favourably in 1974?

Again, on March 5, 1974, my hon. friend from Edmonton West (Mr. Lambert) put this question to the then minister of finance:

Will the minister please make a statement shortly on what is being done with regard to a review of the Bank Act? The Bank Act has to come up for renewal . . . and a lot of hard work has to be done.