

Bank Act

minister of the Crown in Nova Scotia. I did not do so because this matter was news to me. It was something of which I was made aware in the middle of the election campaign in January, 1980 by means of an anonymous letter. The letter was lengthy and detailed, and it indicated that the writer had some inside information which, in my view, had to be corroborated and investigated.

● (1600)

At that time I sent the contents of the letter to the Inspector General of Banks and asked him to carry out an investigation. Since then, there has also been an RCMP investigation. The results of that have not been made public, nor has the result of the investigation of the Inspector General of Banks. Even Mr. Thornhill's own statement in the Legislative Assembly of Nova Scotia shows why we need a Bank Act which is even more vigorous, even more concerned with the concept of fairness, and even more concerned with the ability of each and every citizen to see that he is treated as fairly as any other.

I shall not make any spectacular allegations this afternoon with respect to this case. I think the facts speak very loudly for themselves. As I understand them—and they have not been refuted to my knowledge—a minister of the Crown with substantial debts to a number of chartered banks, arranged, after his appointment, that rather than declare personal bankruptcy he would pay off the loans at a rate of 25 cents on the dollar.

Our concern with these allegations is that an arrangement was made with a minister of the Crown in Nova Scotia that is qualitatively different from the treatment of so many individuals by other banks in cities and towns across the country. Is this because banks respond to those people who they think have power and influence in our society, and they are prepared to respond to them in a way which, on the face of it, may seem very humane and fair?

One might ask why the banks should not try to extract their pound of flesh from someone, no matter what his station in life—why they should not try to come to a satisfactory arrangement. I do not quarrel with that, Mr. Speaker. All I am saying is that there are many other cases where the banks did not exercise their discretion fairly, did not decide to do things fairly, did not decide to treat the individual with some respect, did not give the individual a reason for calling in a demand loan, did not give the individual a chance before they decide to throw that person or business into receivership.

Since I became finance critic, Mr. Speaker, my office must receive up to five letters per week—and I am sure the minister receives far more—from individuals who feel they have been adversely affected by a decision of a bank, wanting to know why a bank has refused them a loan under this or that program, or why they are not given the same treatment as others.

Our economy is changing, Mr. Speaker, and so is our value system. This party wants to see a concept of fairness introduced into the economy so that there are some moral criteria there, that are generally acceptable to society. We want to see

the requirements for justification in the field of industrial relations, for example, to extend to explanations by management as to why they decide to close a plant. We want a clear indication from this House, and from the people of Canada, that they do not want to see individuals laid off and treated like slabs of meat or commodities. Just as that is true of industrial relations and as it is true of the importance of the individual's rights at work, it is very important with respect to the relationship that people have with the chartered banks.

For this reason we have put forward amendments which have been rejected by the Liberal and Conservative parties, requiring far greater disclosure to the consumer than now exists, requiring that the banks explain and justify refusals for loans and give the right to an individual to take a bank to court, for example, if the bank decides that individual is not credit worthy, when he thinks that he is.

These are all new ideas, Mr. Speaker. Members on the other side of the House claim that they are not workable, but that is what they say every time we advance an inch toward greater rights for the individual. Every piece of consumer protection legislation has been resisted by people who say, "Don't get into the marketplace; the marketplace is the perfect determinant of everything that takes place out there." We know that is not true, Mr. Speaker. The marketplace does not work. It does not always protect the consumer. The gullible consumer can be fooled by advertising that is untrue.

Similarly, Mr. Speaker, we have not just demanded a requirement for fairness and a requirement for justification. We have demanded, and have been refused, that instead of playing a shell game with no real control over interest rates charged by banks or how much the banks will allocate to small business, how much to large business and how much to consumers, that the banks decide whether so and so is credit-worthy that they decide whether smaller businesses shall pay a higher rate than larger businesses, that these things must be regulated and controlled. We must move toward a system of greater planning and control in this sector as in all others.

It seems to us to be quite logical that in an industry that has assets—according to figures issued last summer—of \$256 billion, where the 1979 assets of the Big Five chartered banks amounted to \$206 billion, that there must be a great deal of regulation. When five institutions control \$206 billion worth of assets in Canada and outside, there must be more than a few people in the office of the Inspector General of Banks who have a cosy, old boy network relationship with the financial institutions who call up on a regular basis to find out what is going on and so forth. These issues transcend the relaxed, folksy way whereby we now control what is going on.

Chartered banks make loans of hundreds of millions of dollars in individual cases that affect the whole economy of the country. The Massey-Ferguson example shows the relationship between finance capital and industrial capital.

There is no requirement in the Bank Act for disclosure of the amount of such loans or for a greater degree of investment consultation and planning between government and the huge chartered banks. It is all done on a very casual basis with the