

*Routine Proceedings*

**Mr. David Barrett (Esquimalt—Juan de Fuca):** Madam Speaker, I would like to express first of all my appreciation to my colleague, the member for Sudbury, for fighting this issue and proposing an alternative and not just being negative.

I would like to inquire from my colleague as to whether there has been any positive response from the banking community in these complaints he has made. Has any bank shown any interest in being concerned about its depositors, those people that they appeal to through massive advertising expenditures across this country? Every time we turn on the television—

**Madam Deputy Speaker:** I am sorry, I must interrupt the hon. member. The hon. member for Sudbury on a question of privilege.

**Mrs. Marleau:** I want to remind the House, Madam Speaker, that I am the member of Parliament for Sudbury and that the member when he was speaking was not referring to me. I will not be a party to this kind of obstructive behaviour in the House of Commons.

**Mr. Barrett:** That is right, Madam Speaker, I was referring to the hon. member for Nickel Belt.

**Madam Deputy Speaker:** The hon. member for Esquimalt—Juan de Fuca.

**Mr. Barrett:** I regret that other members are not fighting the banks. I regret that other members are not demanding that their constituents have floating caps put on their cards. I am surprised that a member would get up and say she does not want any part in this. I want to tell her constituents and everyone else if that is the position of the Liberal Party, it proves that members of that party are in with this government and they want to continue this gouging system of those cards.

If I may return to my comments, Madam Speaker, I want to point out that every magazine says: "Get another card. Grab another credit card. Go ahead". I want to ask the member: How much does it cost the banks to advertise for all this gouging that goes on? Why do they not give the service they say with the claims of the ads with the sweet smile saying: "Come on in here". Do they mention in any of those ads exactly what they are going to charge on those cards? Do they tell people the truth in those ads?

**Mr. Rodriguez:** I want to thank the hon. member for his questions. There are a couple of observations on the questions.

First of all, just imagine right now the rates are about 16.75 per cent on the credit cards. Just ask yourself, Madam Speaker, when you put your money in the bank, what do you get on deposits? I think if you are getting 1.5 per cent now you are pretty lucky. What is the spread? That is another comparison one has to make: What the banks pay for money on deposit and what they charge their credit card customers. That is another interesting spread which I point out to my hon. colleagues. The other spread I mentioned was between the cost of money, the Bank of Canada rate and the 16.75 per cent figure.

• (1035)

The other question is the advertising. Of course they suck people in with the advertising. They do not say in the TV advertising what the cost of the card is. People find that out when they make the application for the card and then get the card, that is when people really find out what the rates are.

It is also interesting to point out that ranked by profit five of the top 10 companies in Canada last year were banks. Together the big five earned after-tax profits of \$3.5 billion in what for most businesses was a grievously tough year.

They did very well, but 50 per cent of the people who hold credit cards issued by banks did not get any breaks. Fifty per cent of card holders do not pay off their cards on time so they carry a balance and pay these usurious interest rates. There are no benefits for them.

Where does the money go? It goes to the banks to make the kinds of investments that we have seen in recent times. We have seen the problems with O&Y, the Campeau Corporation, and the Hees-Edper group. That is where the banks have been lending their money. We have seen it there.

The banks are not prepared to take a chance on small entrepreneurs. In order for them to do so they want the government to give them all kinds of guarantees. Why does the government have to pass a bill guaranteeing returns to banks to make loans to small entrepreneurs? One would think that is the nature of banking. The nature of banking is to make an investment to make a profit. They want guarantees from the government. What do they do to their clients? They grab them by the neck and squeeze and squeeze.