

*Private Bills*

which might not be so legitimate. I have no way of knowing that this is so, except from comments that I have heard. I have no means of investigating this institution to find out whether it is so, but I am of the opinion that the CIA would be interested. I am sure that the members of this House would also be interested and that this bank would get a short shrift indeed if this were the case.

Mr. Speaker, it seems to me that a bank is a place where a person who wants to do something constructive can go and borrow large sums of money. About a week ago I commented to an entrepreneur in my area that if all this money being provided to the Lift program, the winter works program and the Opportunities for Youth program were given to the area as a cash donation, we could start a fairly good sized industry which would employ people for long periods of time. The winter works program in Timiskaming is worth approximately half a million dollars, and he told me that if this amount were invested in an industry it would produce at least \$20 million worth of business. Mr. Speaker, with \$20 million worth of business in Timiskaming we could employ a large number of the 25 per cent of our people who are unemployed at the present time.

I just wonder what this bank would do in that regard. It is all very well to say that the money coming from western Canada is being invested somewhere else. As long as a bank has the sole purpose of making a profit, it will take the money where the highest rate of interest and the lowest risk is available and this bank would be no different. It is very easy for the investors to say to the investigating company hired by the Senate Committee that most of the money will be spent in Ontario. This may be true, but I suggest that anybody who has difficulty obtaining money from one of the chartered banks in Canada will have difficulty with them all. If a borrower is turned down by one bank he will be turned down by two. When these people are turned down by two banks, they try to raise money from the Industrial Development Bank, which really is a government agency. Therefore, the banking institutions of Canada take no undue risks.

• (1720)

I suggest that United Bank of Canada, if incorporated, will not do anything in this regard that is different from what the six other chartered banks would do. We must remember that when we are asked to pass this bill. I think it is unrealistic to suggest that because this bank is to be situated in Toronto, it will lend money on a regional basis to meet regional needs. Certainly, its money will be obtained on a regional basis, simply because in Toronto a great deal of money is being spent. It will continue to be spent there until we decide to change the structure of this country and develop some of the resources of the mid-Canada corridor. The chartered banks are not lending much money for development in that corridor. I suggest that the proposed bank will be no better and probably no worse than the chartered banks in this regard. Therefore, what is the point of establishing it?

All that banks do, when they go into business in any community, is take over or build a building and employ another set of employees. The operations of banks are practically identical. If you are a poor risk, they will not lend you money, and if you are a good risk they will. It is

[Mr. Peters.]

true that in different towns slightly different policies may be followed, largely because certain bank managers adopt different philosophies. For instance, one manager may be a lender; that is, he may like to lend. His bank will lend money. The bank may move him to another town and instal in his place a collector, or a manager who insists on collecting all debts. Of course, after banks have lent money they like to collect what is owing. The point is that, in the end, all the banks work the same way.

In December of last year I spoke on this bill, then Bill S-22. It had originated in the other place. In passing may I say that I am glad this bill has been initiated in this House. Whether hon. members who may not be here this afternoon, or who are present, for that matter, care to admit it or not, it is the elected representatives of the people sitting in this House and not the members of the Senate who may consider personal, regional or corporate interests, who should take a look at bills such as this. Although hon. members have available limited resources for research, nevertheless it is they who ought to make the decision on the setting up of such a bank. Surely one of our major purposes must be to consider such matters.

When I spoke, Mr. Speaker, I said that banks borrow money at a certain rate and lend it at another and, in the process, make a reasonable mark-up. It has been drawn to my attention by a gentleman in western Canada that commercial banks do not borrow the money they lend from the Bank of Canada. He says that this is a purely unrealistic concept when we realize that it takes 75 per cent of the bank's income from interest to pay operating costs. He adds that if they charged 8 per cent on loans they would have to get their money from the Bank of Canada at 2 per cent just to break even. Privately owned banks operate for profit for themselves, and their profits are substantial being at 25 per cent of gross revenue. I will not argue with that contention because, very likely, the gentleman in western Canada is correct. However, if that is correct, it means that we are examining an operation in which banks are obtaining money from depositors, lending it at interest, and, after deducting operating costs, making mark-ups in the region of 25 per cent.

I said in my speech made previously that I wanted to see more competition in the banking field, although I did not expect to see more competition. The gentleman from western Canada disagreed with my statement regarding competition and said:

Banking is a service. It makes no direct contribution to the volume of the G.N.P. nor does it make any contribution to the economies effected in its production. Too often in the provision of services the sharing of a particular service adds to the cost of that service by the necessity of providing duplicate facilities. The virtues of competition are mostly mythical.

The correspondent at Shell Lake, Saskatchewan, is probably right. He made other comments in his letter which I appreciate. I am happy to acknowledge that his knowledge of the banking system far exceeds mine. Nevertheless, whether banks are only providing a service, the field of banking is one that the government itself has become involved in to a great extent. As I said a moment ago, the Industrial Development Bank provides funds for certain industrial purposes.

Also, the government of Ontario has become involved in the tourist industry and has given large loans in this area.