

*Bank Act*

but my grandfather owned a public house, a drinking establishment.

**Some hon. Members:** Hear, hear!

**Some hon. Members:** Oh, oh!

**Mr. Deans:** In another period of his life my grandfather owned a dairy, so he tried to satisfy both ends. My grandfather often went to the bank, and he talked about his banker in terms which most people reserve for discussions about their priests. It was just about that level. One can almost imagine the kind of sense that he had about his banker. Quite frankly, he was probably more afraid of his banker. I think that that feeling persists today. We are afraid of the banks. We are afraid to demand that they exercise some caution and discretion. We are afraid of the banks in terms of the way in which they implement policy. Most of us do not understand the workings of the banking community.

● (2100)

I think you cannot talk of the banks without talking about the central bank, the Bank of Canada, the bank that should be setting policy, the bank that was established for the very purpose of providing some over-all policy. Unfortunately the Bank of Canada has not been responding well to the needs of the country as a whole. The Bank of Canada has not been responding to the domestic requirements of Canada, and for some reason or another up until the last few days, and even now, I suppose, is following policy that is not established in this country. It is following policy that was established in other parts of the North American continent—Washington and New York. The establishment of bank rates and interest rates for the Bank of Canada, which are passed down through the chartered banks to the consumers in Canada, was almost in locked step with the banking interests of the United States.

As we look at that situation we have to try to understand the problem it creates. We had an opportunity in Canada to use a very strong banking establishment to develop, in social and economic terms, the kind of economy we would like for ourselves. We could have had interest rate policies that were, as my leader said during the election campaign, "made in Canada." We could have had interest rate policies that reflected the needs of Canada; interest rate policies that recognized the problems of families with mortgages that had to be renewed; interest rate policies that understood the dilemma the small businessman faces as he attempts to maintain some kind of equity in his business. We could have had interest rate policies that took into account the distinctive difference in lifestyle and goal of the Canadian population compared with that of the United States. We could even have had, maybe, an interest rate policy that was humane, an interest rate policy that showed understanding.

For reasons that escape me entirely, the governor of the Bank of Canada, Mr. Bouey, never seemed to sit down and determine what was best for Canada and the Canadian people. His interest had something to do with cash flow; his interest had to do with strengthening or weakening the dollar; his

interest had to do with matters over which he really exercised very little jurisdiction; yet in matters where he could have had jurisdiction and have made an impact, he refused to take action.

When we talk about what banks are supposed to do, Mr. Speaker, we should realize that they are supposed to be an instrument of economic and social policy. They are, perhaps, the single most important instrument. With careful direction the banks could be used as a means of stimulating the economy; they could be used as a vehicle for the development of Canada; they could be used to unite the country in terms of the creation of economic opportunity all across the land, yet they have not been so used for a number of reasons. In the majority of cases there is no evidence from the banks that they care very much about impact. In the main, they have been a major contributing factor to the ever-increasing credit problems that confront people.

From the time we gave the banks the power to advertise and encourage direct lending, they have in fact encouraged people to go into debt. They have not taken the time to try to establish a counselling service that would keep people from running up charges on credit cards to three or four times their limit. They have not taken the time to understand that there is nothing within the educational system that enables people to learn how to handle money.

As you drive down the street you see the sign on the bank window which reads, "Come on in and borrow; we have the lowest rates in town."

**An hon. Member:** Seventeen per cent!

**Mr. Deans:** The lowest rates in town are still out of reach of the majority of people. The bank tells you how much it is going to cost if you want to borrow money and spread the payments over 18 months, 24 or 36 months. "It is only" going to cost you, is the way they put it, without any consideration of whether or not you can afford to pay it.

My colleague has handed me a letter from the Bank of Nova Scotia.

**Some hon. Members:** Oh, oh!

**Mr. Simmons:** Where do you stand on the referendum?

**An hon. Member:** Is that a note from Mr. Nystrom?

**An hon. Member:** Take it easy; keep your trousers on.

**Mr. Simmons:** Where do you stand on the referendum?

**The Acting Speaker (Mr. Ethier):** Order, please. I would expect hon. members to show the usual courtesy that is extended to members who are addressing the House.

**Mr. Deans:** Mr. Speaker, I really desperately require your intervention to keep hon. members opposite from heckling me so.

**Some hon. Members:** Oh, oh!