

The Acting Speaker (Mr. Laniel): We move now to motion No. 39.

Hon. Stanley Knowles (for Mr. Rae) moved:

Motion No. 39

That Bill C-6, an act to revise the Bank Act, to amend the Quebec Savings Banks Act and the Bank of Canada Act, to establish the Canadian Payments Association and to amend other acts in consequence thereof, be amended in clause 2 by adding immediately after line 28 at page 225 the following new section:

"202.1 (1) The minister has the power to order all chartered banks to lend a set percentage of their revenues at a level of interest determined by the Minister for the following purposes:

- (a) housing, including native housing;
- (b) farm improvement;
- (c) development of small business; and
- (d) economic development

(2) Notwithstanding any other section or part of this act, the minister shall

- (a) monitor any and all interest rates and service charges levied by a bank on any deposit, loan, or transaction, including credit card transactions;
- (b) determine the reasonableness of such rates and charges, taking into account:
 - (i) the interest rates set by the Bank of Canada,
 - (ii) the spread between charges to borrowers and charges to depositors, and
 - (iii) actual costs incurred by the bank for the provision of any services for which it levies a charge; and
- (c) order any chartered bank to adjust any interest rates or charges if it is found that such interest rates or charges are unreasonable, following a determination as set out in subsection (2)."

Mr. Ray Skelly (Comox-Powell River): Mr. Speaker, I recommend this particular motion to the House. Here is another area in which the hon. member for Mississauga South (Mr. Blenkarn) may want to give his questionable assessment of who understands business. I would have thought that possibly after the discussion the other night there would be a more open interpretation. The amendment reads in part:

The minister has the power to order all chartered banks to lend a set percentage of their revenues at a level of interest determined by the minister for the following purposes:

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 - (ii) the spread between charges to borrowers and charges to depositors, and
 - (iii) actual costs incurred by the bank for the provision of any services for which it levies a charge; and
- (c) order any chartered bank to adjust any interest rates or charges if it is found that such interest rates or charges are unreasonable, following a determination as set out in subsection (2).

I would like to address my remarks to one small section of this amendment, that the minister has the power to order banks to lend at a set percentage of their revenue and at a level

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of interest determined by the minister. We feel that this particular amendment would help small business. The hon. member for Edmonton West (Mr. Lambert) has introduced the proposition that chartered banks be restricted in the amount of mortgage loans they can make against real property. As a result we became concerned about the government's attitude toward small business. We have expressed our concerns on how this proposal would affect housing.

I would like to speak about the kind of problems we feel the small businessman faces and how this amendment would improve the situation. After discussing this legislation with some small businessmen in my riding, one particular individual's response comes to mind. I would suggest to the hon. member for Mississauga South, who seems to have wandered off—Oh! I see that he is still here. This small businessman said that financing was extremely difficult. He felt, considering his business and its location, that he was really at the mercy of the lending institutions. This small businessman has a very small market and does not rely on volume sales due to the small population. However, that same population expects him to maintain a large inventory. He maintains that inventory by borrowing. When the interest rates drifted up from 12 per cent, 13 per cent, to 14 per cent and on up to 19 per cent, this man had a very large inventory for a very small market. And interest rates today are climbing rapidly back to that level.

In the area in which this small businessman operates, everything which comes in and which goes out must be transported great distances. The transportation costs are tremendous. The government has caused high interest rates, with increased fuel costs and energy costs, all of which have caused the cost of this man's goods to climb higher. He said that the higher the costs go up, the fewer people to whom he is able to sell. He is carrying this large, varied inventory to have the products on hand for his customers, but they are buying less. In addition, in the particular area he conducts business, and it is the entire coast of British Columbia north of Vancouver, the people who purchase goods from his business have also been hit by federal government programs and policies.

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In the fishing industry a large number of people who purchase goods from his enterprise have had their season and their opportunity to earn income literally destroyed by federal government policies. Openings and closings have operated in a detrimental way. The market is shrinking more. Therefore the fishing season is extremely bad. The projections for next year are bad. He is still at the mercy of the banks, the high interest rates, and the difficulty of lending.

The lumber industry is the other great employer in this area which provides the market for his goods. With the high interest rate program this government has put in place, the market for lumber and plywood for the housing industry has been cut to the bone. Those people who would normally buy goods have been laid off. Their income has been curtailed. That can be directly laid back to the federal government.