• (1815)

The main purpose of this bill is to limit interest rates on credit cards. According to this bill, an oil company or a retail store could not charge annual interest rates exceeding by more than 9.5 and 11.5 per cent respectively the Bank of Canada discount rate. A card issued by a financial institution could not bear interest rates exceeding by more than 6.5 or 8.5 per cent the Bank of Canada discount rate, depending on whether the institution charges a fee for getting, renewing or using one.

At this point, I would like to commend, as the member for Simcoe North briefly did before me, the Service d'aide au consommateur in Shawinigan, which has been brilliantly managed for many years by Mrs. Madeleine Plamondon of the Saint-Maurice riding. That organisation has been defending consumers for many years. Last March, it published a document on credit cards and it just published another one on life insurance. For many years now, it has been quite successful in it's advocacy of consumers' interests.

To give you an idea of the importance of this phenomenon, which is increasingly present in our lives and our economy, let me mention some statistical data which depict it very well.

The number of credit cards in circulation in Canada is estimated at 55 million according to an Industry Canada study published in December 1993, so it is recent enough. This means 2.7 cards for each adult aged 18 or more. Of this number, 25 million are Visa or MasterCard, compared to only 12 million in 1981. The number has therefore doubled in a little over 10 years. Then, there are 17 million cards issued by department stores and 3.3 million by gas companies.

Between 1992 and 1993, the number of Visa and MasterCard credit cards increased to 25 million from 24.4 million. This is 600,000 cards more in circulation in a single year.

Visa and MasterCard generated more than 695 million transactions in 1993. The volume of sales reached $47.9 billion compared to $43.1 billion in 1992.

Finally, at the end of October 1993, the total outstanding balance on Visa and MasterCard accounts was $13.2 billion, a very large and very distressing amount. This is an increase compared to 1992, with $11.4 billion dollars. This outstanding balance is three times higher than in 1981.

To have a better idea of the problem, you have to know that, according to the same document, in 1993, interest rates paid by consumers using a MasterCard or Visa credit card were around 15 per cent. Those who had a credit card from a petroleum company, such as Petro Canada, Imperial Oil and Irving Oil, paid 24 per cent. Big department stores always want consumers, and we can understand why when we know they charged 28 per cent, again according to the Industry Canada document. I want to name each one, it is worth it: Canadian Tire, Eaton, Home Card, The Bay, Sears, Simpsons and Zellers. These stores charged 28.8 per cent interest on outstanding balances. Now we can understand the whole problem.

As for our evolution as a nation—again I want to thank the member for Simcoe North for giving us this opportunity—we should also note how consumer credit evolved over the last thirty years or so. In 1960, the consumer credit was at $3.5 billion. In 1981, it was at $46.6 billion and in 1992, it was up to $99.5 billion.

It is interesting to compare these figures to personal bankruptcy statistics. You do not have to be a genius to see the relationship between consumer credit, or indebtedness, and a potential personal bankruptcy. The number of personal bankruptcies in Canada went from 2,700 in 1970 to 23,000 in 1981 to 61,882 in 1992.

• (1820)

Between 1986 to 1992, the ratio of debt to disposable personal income rose from 48.4 per cent to 66.2 per cent. What we must remember is that credit cards went from being a method of payment to facilitate transactions to a credit mechanism. That is how serious the situation has become.

Credit equals debt. Credit cards enabled consumers to make major purchases easily and quickly—these are the key words—to travel, buy presents for themselves and others, cover unexpected expenditures and spread out payments over the rest of the year by paying a lot of money in interest.

This overconsumption—because we live in a society of mass consumption—often became synonymous with debt. This excessive debt results in large part—when we look at the consumers' assistance service like the people in Shawinigan did—from the large number of credit cards on the market and the vast amount of credit extended to consumers. Each credit card has a credit limit but for multiple card holders, the credit limits add up. That is, as the studies show, where consumers get all tangled up and lose control of their personal finances.

The situation is quite serious—as is pointed out—as only 50 per cent of credit card holders pay the full amount by the due date. Analyses show that of the 50 per cent who, statistics tell us, pay by the due date, 20 per cent settle their bills by borrowing on their personal line of credit. That is when debts start piling up as consumers use different credit cards and borrow from their personal line of credit to pay off their credit card debts. They get deeper and deeper into debt and end up having to declare bankruptcy, which becomes a kind of vicious circle.

According to the analyses, this phenomenon is due to three major causes. First, consumers' lack of information and education concerning methods of payment. People do not have enough information. Lenders make credit too easy and too accessible without exercising sufficient control or caution, which leads to excessive debt. There are also the factors on which people have