of elected representatives. This provision undercuts the need for full, public and open discussion of any new bank proposal. However, this seems to be a hallmark of this government: more rule by cabinet and by the bureaucracy, and less by the people and their representatives.

Third, as has been pointed out repeatedly, not only by members of the New Democratic Party but also by hon. members from the Conservative party, the new act allows banks to expand into such areas as automobile leasing. Automobile dealers have clearly recognized the threat that this poses to their business. They very much fear that they will be completely unable to compete with the massive resources of any of the chartered banks and the access that these banks have to the leasing market.

Now let us look at some of the things this act does not do. First, it does not offer any substantial improvements in public disclosure regulations. The public needs to know how interest payments are calculated. The public needs to know about any associated costs of loans. There is a need for disclosure regarding the policies, practices and operations of the banks and their international subsidiaries. For example, what loans are being made to companies in South Africa?

Second, this act does not control the spread between the rate of interest the banks pay to depositors for their savings and a much higher rate that borrowers must pay to the banks when they borrow money.

Third—and this is most important—the new act takes no action against interlocking directorates. In interlocking directorates, directors of large commercial and industrial corporations sit on the board of directors of one or other of the major chartered banks. We are opposed to this system because it gives us the worst of all possible worlds. It does not give us healthy competition.

Large corporations have the inside track in raising capital. This, in fact, is one of the ways by which multinational corporations dominate our world economy. Scarce savings come increasingly under the control of one of the large banks, and loans are made much more easily to corporations which have representatives on the boards of directors. If we are going to talk about competition and free enterprise, there should at least be an arm's length distance between financial corporations and their major industrial and commercial customers.

Certainly interlocking directorates encourage some planning for the rational use of resources, but this is not public planning, and it is not planning in the interest of the public. It is planning in the interests of those who do the planning, namely, the interlocking directorate. So we have neither a healthy free enterprise system of competition nor a rational system of public planning. We have monopoly capitalism, and those members of the Liberal and Tory parties who vote for an act which allows this kind of interlocking directorship to continue are, in effect, voting for that kind of monopoly capitalism. There is nothing competitive in it at all.

Fourth, the new act does not make it possible for the government to use the Canadian banking system as an effective instrument of public policy. This is a very important issue. Since I have been here in this House we have discussed low interest loans for small business, but we do not have any provisions to require the banks to make available a certain amount of money for these loans at low interest rates.

Today the people of Canada are crying out for a housing program which would enable them to purchase homes at reasonable rates. Where is the mechanism in this act which would allow the government to require the banks to make loans for such a program?

Native Indian bands are starved for economic development funds. They require capital. The Bank Act should make the banks more responsive to this kind of public need.

Some people will reply that all of this should be left up to free enterprise and that everything will adjust itself in the private interest. In response, we can ask how helpful banks have been to the growth of Canada in the past. In "The History of Canadian Business" Tom Naylor points out that the Canadian banking system evolved from a need for capital to move staples out of the country. It was oriented to the idea of Canada being a hewer of wood and a drawer of water rather than being a modern, industrial nation. Naylor shows how the banks siphoned savings from the maritimes to use for opening up the west and its staple production. As a result, necessary industrial development did not take place in the maritimes. This is one of the reasons for the present regional economic problems.

Areas of Canada are undeveloped today because of the free enterprise policies of our banks in the past. In one maritime community, for example, the ratio of deposits to loans reached 20 to one; that is, for every $20 local people invested in savings only $1 was loaned back to the local community for necessary improvements or any kind of economic development. A ratio of 20 to one! It is no wonder we have problems in the maritimes today.

Similarly, in the west banking policy confirmed people there in a staples economy rather than one based on industrial development. Farmers were sometimes unable to negotiate loans which would help them to hold back their crops and get decent prices. Instead, the money was loaned to speculators who then forced the farmers to sell immediately for what they could get. Revolving loans were often made to fall due just before harvest time, once again forcing farmers to sell at whatever price was offered.

These are some of the previous policies which our banks have followed. These policies proved to be very lucrative for the banks, but they have had disastrous effects on our economy. They do not give me great confidence in the direction in which our banking system has been moving in the past. There is nothing in this act which indicates that it is going to change direction. The conservative nature of banks is shown by the near panic created in 1911 by a modest proposal that there be a central fund to guarantee the notes of all Canadian banks. Sir Edward Clouston, general manager of the Bank of Montreal at the time, was quick to categorize this proposal as