

*Bank Act*

Before I go on to some of the factors here let us take a look at what the responsibilities of a bank are. We charter them. We give them the privilege of conducting the banking exercise in our communities. They are major economic actors in our communities and in our country. But what are their responsibilities and how do those responsibilities relate to this particular amendment? They control the cash flow for corporations and the cash flow and credit for individuals. They have a great scope of financial activities, and if this bill were to go through in the way it was originally proposed we would be extending the scope of those activities.

Banks should have some responsibility for our national goals. What are our national goals? They are closely related to farm improvement, the development of businesses, and the economic development of the country. Those are goals which this country and the people of this country have accepted, and which this government has accepted by being the representative of those people. So Canada needs an industrial strategy. Under this particular jungle operation that we have, as far as finances are concerned, we require some control over the finances which would allow those national goals to be achieved. If we consider that the banks are public institutions privileged to operate as public institutions in this country, then we should expect them to accept some of those responsibilities and be willing to provide a certain amount of money to the development of the country.

Maybe the limitations which the hon. member for Edmonton West (Mr. Lambert) suggested in an earlier amendment are a good thing because they may limit the amount of money that is available and consequently many people will not be working for the banks. Many people in this country feel that we have developed well and we have accepted the responsibility of small businesses and farms as being a major part of our economy, and we should therefore make available to them the kind of money which would allow them not only to survive but to make a major contribution to our economy.

Small businesses and farms are having a lot of trouble surviving because of the high interest rates. Therefore we have some responsibility to lower those interest rates so that those types of businesses can survive. In my own part of the country, in the farming area, when farmers go out of business they have been able to sell their land and, because of the price of land, been able to survive to some extent. They do go on to the labour market or attempt to find something else to do. I am not always sure that is a good alternative.

However, let us take a look at the small businesses. As the hon. member for Skeena (Mr. Fulton) mentioned, 75 per cent of bankruptcies today involve small businesses. The figures are quite interesting. In 1977 there were 3,905 bankruptcies in Canada. In 1978 there were 5,546 bankruptcies. The number is higher in 1979, and I am sure that 1980 will show an increased number of bankruptcies.

I will refer again to some of the statistics which were given by the member for Skeena. In Canada 48 per cent of big business is foreign owned while 96 per cent of the small businesses in Canada are Canadian owned and operated.

When we look at the figures, 96 per cent of those people who are bankrupt are no longer contributing to the economy, nor are they hiring other Canadians. This Parliament has a responsibility to ensure that small businesses and farmers are not gouged by high interest rates of 19 per cent and 25 per cent. That is what they are paying.

If you were to try to buy a tractor in Saskatchewan right now you would need more capital than most farmers can afford. As a result, they are forced to go out and attempt to borrow if they wish to buy any kind of machinery. In the process they are asked to secure such loans with property. That property is the productive part of their farming operation. Small businesses are asked to secure their loans but putting their plants on the line. In other cases they are asked to secure loans with their stores and buildings. Then they are asked to pay up to 20 per cent of anything they earn with those plants or with that piece of machinery, to the finance company. That just does not contribute to the national economy.

The reason for interest back in the old days of the usurers was because some risk was involved, particularly with respect to farmers. Many of the loans which are made to farmers these days are secured by the federal government under the farm loans legislation. However, just because a loan is secured, it does not mean that the farmer receives the money at a lower rate of interest. The lending institutions do not have that kind of social conscience. They continue to take the highest level of interest possible.

● (1650)

Let us take a look at a situation where this amendment does not exist and interest rates continue to rise. This creates a situation of tight credit which causes interest rates to rise further. Every time the interest rate goes up, it creates a little more hardship for the small businessman or the farmer, the people who need the money to operate. Most businessmen, in order to keep up an available stock, or a farmer to get over seeding or harvesting, require a line of credit. In the past this was not a great problem, but with upwardly spiralling interest rates it is becoming the reason for many bankruptcies and why people are withdrawing from farming.

We constantly hear that it is important to keep producing the kinds of foods necessary to feed the world. It is also important that we keep farmers on the land, because it is good for our economy. Some say that farmers today produce twice as much as the farmers of 20 years ago. The fact is that there are less than half as many farmers today. While they are perhaps producing a little more food, there are fewer people producing that food. The people who left the farms are now either on the unemployment rolls or they have forced others onto the unemployment rolls.

We should try to give the farmer credit at an acceptable rate of interest in order to keep him on the land. That in part is the purpose of this amendment. If we restrict capital we will force interest rates higher. It is quite likely that the number of farmers or businessmen closed down as a result of bankruptcy will become so high that the family farm and the small