

*Bank Act*

our citizens. We have to ask ourselves, as the committee did, whether this legislation provides ways and means of taking care of the increase in the demand for consumer credit. This is an important question today. Again I suggest we might look back to 1954 and ascertain how much consumer credit was used in this country in that year so as to compare the situation then with the need today. I believe hon. members would find that the increase amounts to many millions of dollars. What machinery will be available for the supply of the funds needed? These are things which the committee had to consider and which I am sure the committee of the whole will have to consider.

Again, we in this country must of necessity export goods in order to live. With this in mind we should ask ourselves whether the bill before us provides, among its other features, for the handling of a greatly increased volume of export traffic. Does it do so or not? We should ask ourselves these questions and if we are in doubt about the answers we should make representations accordingly. We should ask ourselves whether this legislation will make it easier to bring in the ever-increasing volume of imports which now serve our rising standard of living. Every year we increase our volume of imports, particularly from the United States. They have the styles, and I know something about the ladies' preference for style. I have gone all through that. I know that in New York they understand how to make the clothes in which the ladies feel they look well. We bring these things in and they are sold to the ladies. This is proper, and I find no fault with it. Where do we get the money to pay for them?

I said at the beginning of my remarks that my comments would be general in nature, and so they are. But my point is this. We have a great country but we find heavy demands being made on our financial structure. I believe we should live within our income. I do not think we should live by borrowing money at a time when we are supposed to be living in a boom period. I do not believe we should be passing a debt on to a future generation and asking the Minister of Finance to borrow money to pay for a standard of living which we doubt we can maintain out of our own earnings. I do not approve of borrowing money, spending it now, and asking someone who succeeds us 20 years hence to pay the bill.

The bill before us appears to exert a restraining influence on the chartered banks

[Mr. Flemming.]

whose existence is generally considered to be beneficial to the growth of our economy. Hon. members may ask: What do you mean by "restraint"? I think banks should lend money to a considerable extent upon the basis of what is known as moral risk. I am thinking particularly of young people who have an ambition to do something. I am one who thinks that ambition should be encouraged. I am one who thinks that ambition is so scarce today that we should encourage all those who want to do something for themselves. It seems to me that far from imposing restraint on the banks they should be encouraged to lend money.

I could tell two or three stories to illustrate this point if I had the time and if hon. members were prepared to listen. Yesterday I attended the funeral of a man from the other chamber who had said to me some years ago: "I was a bank clerk and your father came to me and said he wanted me to do a job for him". After this young man had been released from the bank to perform these services for my father he never went back. He built one of the largest businesses in eastern Canada. He and his brother were the heads of it when he passed away within the last week or so. My point is that he had to have bank credit in order to do this sort of thing. And he got it. This is why I say we should encourage the banks to lend money rather than restrict them from doing so. If money is lost occasionally, what is the difference? Especially, as I say, we should encourage young people who want to do something for themselves.

I ask the question: Is it suggested that restrictions should apply to the banks although similar limitations are not to be imposed on some of their competitors known as near-banks? I am not taking sides one way or the other. But is it reasonable that the regulations which apply to banks should not also apply to the competitors of those banks? Is it reasonable that these competitors should be able to lend money at any rate of interest they wish to charge, as a consequence of which they can naturally afford to pay a higher rate of interest to their depositors? This is not the way to encourage the banks to carry out their functions. It seems to me these are matters which everyone should consider.

The committee had expert witnesses before it. We were fortunate to hear from the inspector general of banks who is sitting in the gallery of this chamber at the moment. I repeat, we are lucky to have men of his calibre in the public service of Canada.

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