

Bank Act

ship between sugar and tractors, and this is a question of not only Jamaica but any one of the Caribbean countries that produce sugar, for example, the relationship between sugar and tractors in the system of international exchange is now a classic in the dialogue, but factually we need to realize that this is far more than a point in advocacy. He gives an example.

In 1965 the average price per ton of sugar realized by Jamaica was \$73 Jamaican compared with \$1,536 Jamaican for a Ford 5,000 tractor that would be used in the growing of the sugar, a ratio at that time in 1965 of one tractor per 20.84 tons of sugar. In 1979, 14 years later, the Ford 5,000 tractor was no longer available. It had been replaced by a new model called the 66,000 which is slightly more powerful but is designed for exactly the same purpose as the other tractor was being used for.

In 1979, Mr. Manley says the provisional average per ton of sugar had risen, it was true, to \$530 Jamaican per ton, but the price of the tractor which did exactly the same work as the one that was manufactured before was now \$30,945, so that the ratio of one tractor now required 57 tons of sugar instead of the 21 tons that had been needed in 1965.

The point simply is that sugar does not multiply like that. Jamaica with its economy is just demanding and using up more of its natural raw products to get what amounts to the same thing. Therefore as they struggle to increase their production in the same length of time, they are falling behind in such a way that they are becoming more and more involved in the whole thing that is called the debt trap.

Brazil, for example, now uses half of the total of its export earnings just to service the accumulated foreign debt. An important thing for us to remember is that the very problem I am speaking about of Third World underdevelopment is something that we Canadians must not be smug about, because the very same things that are affecting the Third World countries are also affecting the economy of our country.

We need to be reminded that Canada, as Premier Blakeney has noted, faces its own problems of underdevelopment and will do so if it continues to mortgage its future to foreign investors. Our own balance of payments figures indicate that we are not immune from the debt trap that now affects most of the Third World.

I now come to the Bank Act. A crucial phenomenon of recent years has been the rapidly growing role of private multinational banks in international loans to the Third World. These banks have amassed huge holdings of U.S. dollars, principally Eurodollars and petrodollars. They are kept in banks outside the United States beyond the control of the U.S. central bank, the Federal Reserve Bank, in the absence of any international regulatory authority which could control the amount of credit extended against these dollar reserves, many of which are now held by foreign subsidiaries of major U.S. banks.

The Eurodollars phenomenon began after World War II when the Russians had lots of American money. They did not want to put it in the United States. They wanted to have it

invested some place. They would frequently invest it in one of these multinational banks which have places outside the United States.

The petrodollar, the money that came from the recent explosion in oil money, is another form of money that has been put out, not in the Federal Reserve Bank of the United States but in multinational banks that have offices all over the world. What happens to that money is that the poor come looking for it, just as they do in the monopoly game that we talked about before. They are given the money. However, the one who has the money makes the rules.

One of the results has been that the hundreds of billions of dollars held in these banks outside the United States and other major countries that have no regulatory control, can now be recycled to refinance the hundreds of billions of dollars of Third World debt. The private banks therefore become a neutral intermediary in the debt trap.

How does the debt trap work? It means that the developing country in its problem of trying to make itself get ahead has to borrow money. It has to pay interest. It cannot accumulate. It cannot build the reserves that would be able to break it out of the thing. They have to borrow more money to pay the interest they cannot pay.

Mr. Munro (Esquimalt-Saanich): Just like this government.

Mr. Ogle: Finally, they are in the trap of being hopeless. A member says it is just like this government. Maybe he is not far off. It is like this government that is borrowing and borrowing and getting itself, as Mr. Blakeney from Saskatchewan says, into the debt trap.

Today in Canada we hear about the growing number of individuals, small and even medium-sized businesses going bankrupt. A lot of businesses are going bankrupt, a situation made worse by the interest rates of the monetaristic policies of the Liberal and Tory governments. I want to add that in the world today there are a lot of countries—not individuals and not corporations—that are on the verge of bankruptcy or are already bankrupt. They must borrow yet more to meet the repayments on outstanding loans, a situation made worse by the monetaristic policies of western high finance. It works as follows.

Because many Third World nations are now in danger of defaulting on their loans, the situation has become serious for many multinational banks as well. For example, the two largest United States banks—

● (1740)

Mr. Friesen: Would the hon. member for Saskatoon East (Mr. Ogle) permit a question?

Mr. Ogle: Perhaps the hon. member could wait until the end of my speech. Possibly the hon. member was rising to ask me when I was going to finish.