

*Bank Act*

those deposits in development projects which involve some risk. For this reason, as well as others, I question the suggestion that we should remove the ceiling on the interest charged by banks.

The hon. member for Verdun said he was frightened by the philosophy behind the Bank Act. He is wrong in his analysis of that reasoning because we must have a credit system if we are to achieve our proper place as a nation and if we are to have maximum development. We must provide an instrument to give our citizens an opportunity to develop this nation.

Not very long ago we were talking in the committee on immigration about bringing thousands of people to Canada. We should develop means by which we can encourage these people to bring their capital wealth to this country. It is imperative that they bring with them their capital for the development of Canadian resources, to the benefit of Canada and the rest of the world. When we look to our neighbour to the south we cannot help but realize the development that has taken place there. Surely it is apparent to everyone that this development was the result of the influx of resources from other sources. The United States did not have this money at the beginning. We in Canada do not have the money now. I cannot understand the philosophy of those who want to place obstacles in the way of foreign investment in this nation.

As I said on an earlier occasion, this bill represents an act of cowardice. It is an indication that this government is unready and unwilling to face up to the problems relating to consumer loans. The interest rates that finance companies have been allowed to charge are such as to indicate a lack of supervision or regulation. These companies invest their money at very little risk, and they are operating at a high rate of profit in cities such as Ottawa, Montreal, Toronto, Saskatoon, Regina, Edmonton and Vancouver.

It is my suggestion that if we tonight were dealing with something which deserves priority of consideration we should be dealing with measures to regulate and supervise the activities of these finance companies which operate in Canada. Many thousands of people in Canada are involved in financing transaction. The expense involved in financing consumer purchases has become part and parcel of merchandising programs across this nation.

● (10:30 p.m.)

This does not mean that we have to shut our eyes, as seems to be the case with those

[Mr. Nasserden.]

who sit on the government benches, to the need for regulation in this field. The hon. member for St. Paul's said that the elimination of the interest rate ceiling was a very bold step. I wish to emphasize those words to you, sir because they are words that we should be thinking about in Canada today. We are a young nation, a nation that will be seeking capital from the four corners of the world, a nation with a large national debt. What will an interest hike of 1½ per cent or 2 per cent do, first of all to the cost of carrying the national debt, and second in regard to our competitive image in the markets of the world? This is one of the things that I believe we have to think about, and think about seriously as we consider this legislation.

I think it was the hon. member for St. Paul's who said that somehow we had to get effective foreign competition into Canadian banking. I cannot help but feel that they are words of wisdom at the present time as we consider the future of our nation, and our potential. The hon. member for York East said that the amendments contained in the bill were good, but the bill itself was bad. I think most hon. members of the House of Commons would agree with that statement. I wish to read from the Bank of Canada annual report for 1966, page 4, referring to the Canadian economy:

Costs increased more, and productivity increased less, in Canada than in the United States in 1966. Diverging movements in costs and productivity such as we have been seeing recently cannot go on for long without seriously affecting the Canadian economy and in particular its international competitive position; a formidable obstacle would be placed in the way of maintaining the strong growth in output and employment of recent years.

Yet this government and the Minister of Finance, who now admit having made a mistake in bringing forward the 11 per cent sales tax, are thinking of lifting the ceiling on interest rates and adding another cost to that of business in this country. I believe that if this bill is adopted in its present form the result will be to add a substantial cost to the small businessmen from one end of the country to the other. I say again, sir, that this is one of the things that the government of Canada and hon. members who have any thought of the future of this country should take into consideration when considering the legislation which is before us. I know that there are members on the other side of the house who feel the same way as I do in this regard, and they are to be commended for the stand they have taken.