

OTTAWA REPORT

# Banks and credit card rates reap wrath

A couple of weeks ago, I stood in the House of Commons and asked the government if it was fair that people are paying 19.75 per cent interest on their credit cards - more than 11 per cent higher than the banks' prime rate.

Two days later, I came downstairs for breakfast and Dorothy told me the Globe and Mail had written an editorial that morning calling me a political opportunist. The paper said I must have too much time on my hands to be concerned with credit card interest rates.

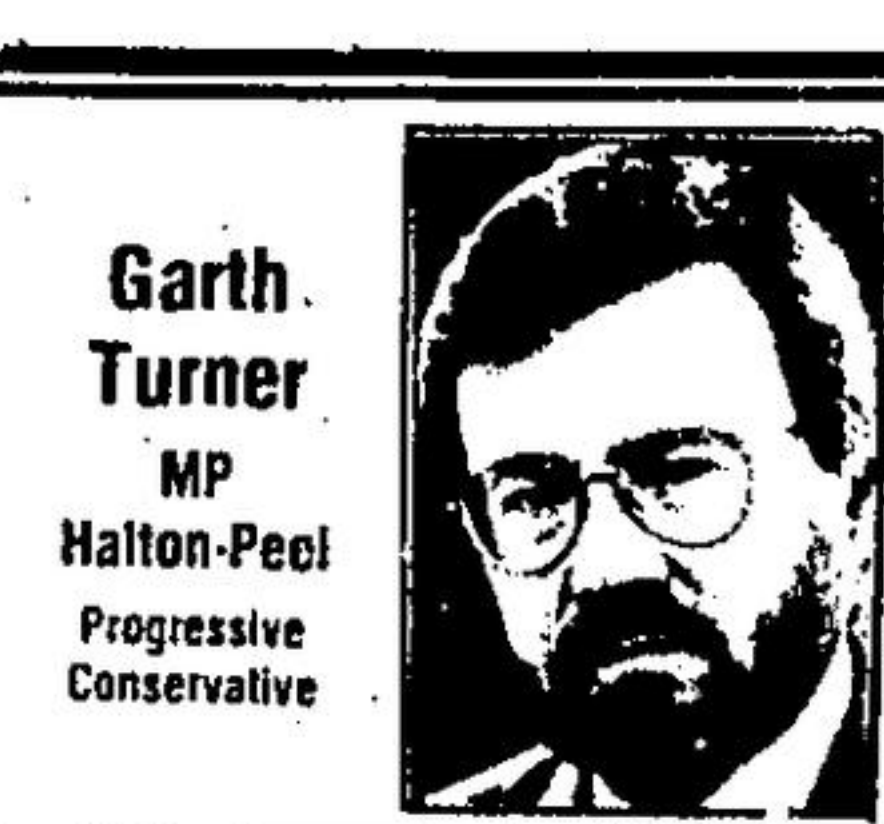
The bankers sure agreed. The last thing they wanted was for me to raise the issue again. It was two years ago that the committee I was chairman of called for some mechanism to make sure consumers didn't get ripped off by too-high interest. At that time,

the government didn't agree. Today, those rates are a lot higher - at a time when people have been forced by the recession to run up big debts on their cards.

Normally, I am not a supporter of government messing around with the marketplace. I want free enterprise to be as free as possible. But in this case, I disagree with the bankers, the Globe editorial writers and my other critics. I believe the government does have a role here - and I'll keep nipping at its heels until it accepts that responsibility.

In our society, credit cards have become more than another financial product. They have become currency - an alternate form of money.

Right now, we have about \$14 billion in credit card debts in Canada. In fact, there are almost as many cards in circulation - 21



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million - as there are people in Canada. Over the last two years, the amount that we charge to these cards has just about doubled. This is a credit explosion of incredible significance.

And during that time, credit card rates have become severely out of line with other rates. Right

now you can get a mortgage for under 9 per cent. The prime rate last week dipped to 8.25 per cent. So why is it that banks refuse to lower their 19.75 charge on credit cards?

They say it's because cash-strapped and recession-weary consumers have been slower paying off their balances. The rate of default on cards has also increased.

Fair enough. Business has been tough all over. But the fact remains that there is not one bank in this country that - recession or not - failed to make a profit last year. Meanwhile, over 200,000 people have lost their jobs, many plants have closed, and small business has been against the wall.

At a time like this it seems

cruel and insensitive for the banks to pad their profits by charging outrageous interest on those same credit cards which people have been forced to rely on even more.

If blowing the whistle on this practice makes me a political opportunist, then there's something wrong with the system. It's not the banks who need defending, but rather all those people who are trying to finance their lives the best way they know how. They just don't need the bankers to kneel them when they're already hurting.

The U.S. Senate voted last week to cap credit card rates at about 14 per cent. I'll be asking our government this week if it can stand up to the bankers, and do the same.

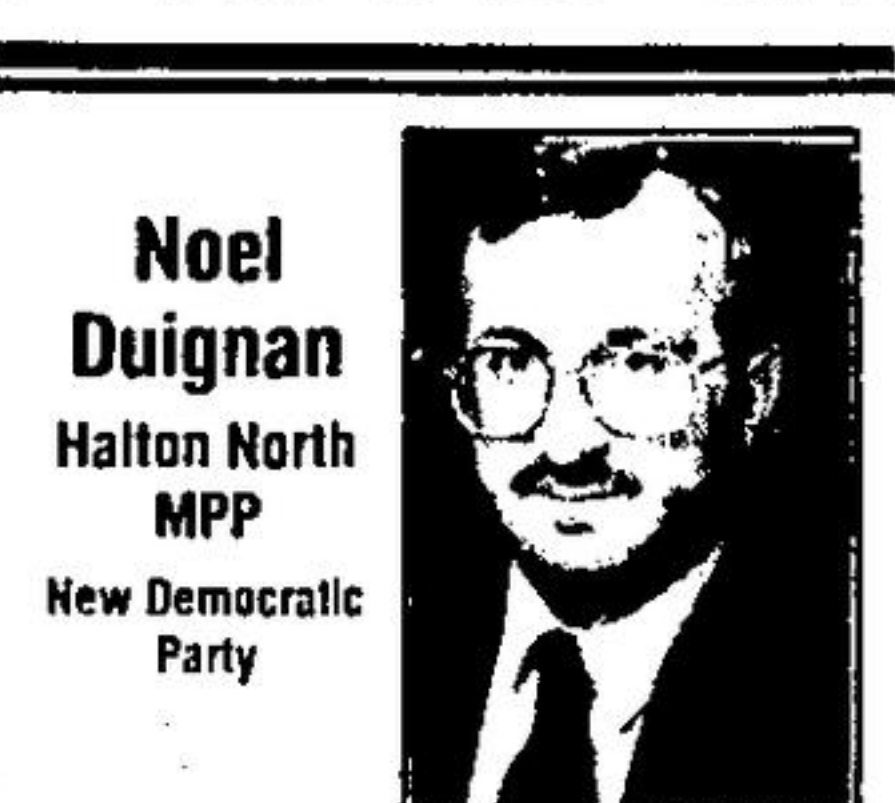
QUEEN'S PARK REPORT

# Outmoded labour laws updated

As many of you already know, Labour Minister Bob Mackenzie recently released a Discussion Paper on reform of the Labour Relations Act. I'd like to talk about our reasons for looking at ways to update Ontario's outmoded labour laws.

The Labour Relations has not been significantly reformed in more than 15 years. The workplace, however, has changed dramatically during that same time period, and there has been a fundamental restructuring of Ontario's economy, its workplaces, the composition of the workforce, and the nature of the jobs workers perform. Women and ethnic minorities have entered the workforce in large numbers. There are also more part-time workers. The changes in the economy include the disappearance of more and more manufacturing jobs and the rise in low-paying service sector employment, but the current Act is geared to the needs of a primarily male workforce employed in large workplaces - typically in the manufacturing sector.

The release of the Discussion Paper on November 7th marks the beginning of a three month consultation period. The paper looks at a number of preferred options and directions, and the consultation process will allow us to hear your views about the need for changes. Consultations will



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take place in ten locations across the province, namely Toronto, Windsor, London, Ottawa, Hamilton, Thunder Bay, Sudbury, Kingston, Timmins and Sault Ste. Marie. In each centre, Labour Minister Bob Mackenzie or Sharon Murdock, Parliamentary Assistant, will meet with interested groups. The Discussion Paper is our first publicly stated position on labour relations reform.

We all recognize that is time to put aside doubts, fears and suspicions, and to begin to work together to rebuild the economy. This is a critical time and old adversaries must join together in common cause. The world economy is in the midst of a dramatic and turbulent restructuring. Our province must respond positively and constructively to these changes if we are to maintain and enhance our high standard of living.

We need to reform the laws to reduce confrontation in labour-management relations and to move toward a more co-operative approach in the workplace. But by co-operation, I don't mean more government, more red tape, and more controlled direction of our economy. Our government wants to encourage labour to take on its share of responsibility in decisions affecting the company and the workplace, as unions have done in Europe for decades now.

Some people, when they utter the refrain that Canada must become more competitive, think it means taking the low-wage option. They feel the answer to all our woes lies in slashing jobs and wages and in cutting out social programs - all the attract and keep low-paying routine productions here just a little longer. Our government rejects that extreme vision of our economic future outright.

Our government has the unique ability to bring together those affected by the legislation. Unlike previous governments, our members represent all points on the labour-management spectrum, and we understand the need for give-and-take. By asking for your input into the reform of the Labour Relations Act, we are signalling our support for greater co-operation and less antagonism in the workplace. We believe co-operation benefits all of us.

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