

**Mr. Knowles (Winnipeg North Centre):** You are very kind.

**Mr. Clermont:**

(d) for subclauses 36(4)(c) and (d), the following:

"(c) a firm or corporation of which that director or a person referred to in paragraph (b) is a partner, shareholder, director or officer."

**Mr. Speaker, in the matter of—**

[English]

There is a well established principle in other acts that financial institutions can make loans to directors of their corporations.

**Mr. Joe Clark (Rocky Mountain):** Mr. Speaker, I am glad that we received the amendments introduced by the hon. member for Gatineau (Mr. Clermont), because I think they rebut completely any suggestion which the Minister of Industry, Trade and Commerce (Mr. Gillespie) made in his opening remarks that the amendments introduced by the hon. member for Gatineau address themselves to the very serious problem raised by the hon. member for York-Simcoe (Mr. Stevens) and others on this side who have spoken in the debate. Clearly, the amendments introduced by the hon. member for Gatineau are simply technical amendments. They make no change at all in the substance of the amendment introduced by the minister, the purpose of which is simply to put up a smoke-screen so it would appear that the House was dealing with a problem with which, clearly, the government is not prepared to deal.

The minister, in his earlier remarks, suggested that there was no difference in purpose between his amendment and amendment No. 3 in the name of the hon. member for York-Simcoe. Clearly, there is a difference. The hon. member for York-Simcoe introduces in his amendment an absolute prohibition of conflict of interest and the minister, in a move that has not at all been changed by the amendment of the hon. member for Gatineau, is simply creating a very large loophole through which conflicts of interest are not only likely to occur but, indeed, are encouraged to occur.

The amendment introduced by the minister does not contain a prohibition of any kind. All he asks is that when there is an evident conflict of interest, the director concerned must simply absent himself from the voting. What the minister is establishing here is a game of musical chairs; he is legalizing musical chairs and, in effect, giving the authority of the House of Commons to the possibility of an evident and rampant conflict of interest. What is obvious to anyone in the House is that if a director absents himself when there is a potential conflict of interest, theoretically, under the amendment proposed by the minister, he can rely upon his friends to approve the loan in which he is interested, in repayment for which favour he could subsequently support the application of the parties involved. This would involve the conflict of interest of another director. It is a cosy kind of arrangement, but no matter how you cut it, it is a very clear instance of the possibility of conflict of interest arising. That is not something which we are prepared to accept on this side of the House.

*Federal Business Development Bank Act*

● (1640)

I want to emphasize what has been said already today, Mr. Speaker. This government has been altogether too careless about the question of conflict of interest. I say "careless", and one of my colleagues says "at least careless". At least it can be said that they have been very careless about the possibility of ministers of the Crown taking advantage, through a series of guidelines, which are as much a smoke-screen as the amendment introduced by the minister, and vague regulations, of various means of transportation when making so-called official visits, and so on. I think this is the first occasion since the controversy arose in this House about conflict of interest that the Parliament of Canada has had a clear opportunity to say whether it approves or disapproves of creating a law to control conflict of interest.

While I think the amendment introduced by the minister is a smoke-screen and is virtually useless because the directors can get around it, I am pleased that in this particular at least the government is prepared to recognize that a conflict might attach not simply to the individual concerned, but also to his spouse or other relatives. I think that principle, which the minister has recognized in this particular smoke-screen, will be recognized in other actions that the government is prepared to take on the question of conflict of interest, as it obviously has not been prepared to act on the question of guidelines covering the behaviour of ministers of the Crown.

It would be of interest to members of the House to know why the minister insists on a provision which clearly allows for conflict of interest. Why does he want the capacity for a conflict of interest to arise? Does he fear that if we adopt the very sensible and progressive amendment proposed by the hon. member for York-Simcoe he will not be able to find people willing to be directors? That is nonsense. But what does he fear? Why does he want to bring in a piece of legislation, through the amendment which he proposes, that would have the effect of establishing in law, giving legal form and effect and the sanction of this parliament, to a capacity for conflict of interest?

As has been indicated by members on this side of the House, the offices in question involve positions of trust. They involve the vesting of trust by the government and, by extension, by this parliament in individuals who serve as directors. That kind of trust relationship requires certain sacrifices in the public interest. Surely, the least of those sacrifices should be that directors are, in fact and in appearance, clear of any suspicion of abusing their position for profit, gain or personal purposes. I repeat that point, Mr. Speaker: the amendment we have before us in the name of the minister does not accomplish that; it allows a large loophole, deliberately created by the minister, for the continuation of conflict of interest.

What kind of reflection does the amendment drafted by the minister cast upon people? What does it tell us about the kind of people he is seeking as directors of this bank? Surely, if we want the bank to be run effectively we want people who have standing enough that in the normal course of events they are not likely to avail themselves of the lending services of the bank. Surely, that has to be the logic, if there is any at all, of the minister's argument. If he is saying anything at all, he is saying he must have this