

Guarantee of Loans to Small Businesses

Mr. Argue: My hon. friend says "and other lending institutions". If he wants to bring them in he can name them and I will give consideration to them. I myself am not interested in small loans companies.

Mr. Crestohl: Also trust companies.

Mr. Argue: All right, let us go over them. I do not think I would consider favourably a guarantee to Household Finance, to Beneficial Finance and Niagara Finance and all those loan sharks that have been lending money to businessmen and scalping them because there have not been proper credit facilities available.

Mr. Crestohl: You can limit the charges.

Mr. Argue: Limit the charges? That is what I have been trying to do on other occasions by other means. My hon. friend says if he brings them in he will limit their interest rates. Let us bring them in, limit their interest rates and stop them from fleecing the Canadian people, and give the public a chance to get this credit on a reasonable basis.

Credit unions have done a magnificent job in this country, and they should be given a chance to compete on an equal basis. Last night I said I would be quite prepared to support a guarantee to the credit unions even with a limitation of 6 per cent written into the act. I do not think that should be necessary. If the government thinks it is necessary I am willing to support it, even with that in the act. The fact of the matter is that if a credit union does charge 8 per cent—and some charge more than that—the people who borrow from the credit union get more when they pay the 8 per cent than they get from the bank when they pay 6 per cent. Their loan is insured in the event of the borrower's death. Most credit unions follow the practice of paying a dividend to the borrowers as well as to the depositors, so that the person who borrows from a credit union can very often anticipate a dividend, a refund of part of the interest charge that he paid in the first place.

I think that is a good argument for giving a guarantee to the credit unions on the basis of their present interest rates and their present practice. This stipulation of 6 per cent is one that, as I said before, I am prepared to accept. I would be prepared to go that far providing that qualification for a guarantee, if the government were prepared to accept this motion.

I suggest that one way to clear up the question of whether such an amendment would be in the interests of the credit unions is to refer the bill to the banking and commerce committee where expert witnesses representing credit unions, *caisses populaires*,

banks, businessmen's organizations and so on can be called. Let us find out how much the co-operative movement would appreciate this guarantee.

A royal commission report was made on the question of price spreads in the food industry, and it was recommended that the federal government introduce a national co-operative act. The co-operatives have supported the recommendation made to the government, but the government has done nothing about it. I suggest that the government is closely attached to the banks and is operating hand in glove with them. I suggest that when the guarantee is given to the banks only it is a mistake, that it tends to create a monopoly and to injure the credit unions. It tends to limit the places where a small businessman can get a loan, and I say that the government is doing a disservice to the country by rejecting this amendment.

I hope the amendment will be given widespread support, and I should like to see it carried today. I do not have too much faith in the pliancy of the Minister of Finance, but even he has been known to change his mind. I hope he will take another look at this matter and give the credit unions and *caisses populaires* exactly the same kind of guarantee that is being given to the banks under this legislation.

(Translation):

Mr. Chevrier: Last night when I moved an amendment to section 2 of the bill now before us, the Minister of Finance (Mr. Fleming) had rather harsh words concerning me. I do not blame him; on the contrary I wish now to congratulate him. The fact is that this afternoon he was helped by the Associate Minister of National Defence who came to his rescue and who not only supported the stand taken by the Minister of Finance but also that of the government.

I wish to congratulate him not so much for his stand on the amendment as for the sympathetic way in which he approached the problem. He has shown courtesy and, contrary to some of his colleagues, he knows that such a quality exists.

The minister said at the outset that we were adopting a federal legislation, that the *caisses populaires* come under provincial jurisdiction and that consequently parliament could not legislate on such institutions.

Well, such a statement is at least fallacious if not unrealistic. If it is true that the provinces have passed legislation concerning the *caisses populaires*, it is also true that the federal government has already done the same during the discussion of another legisla-