

Guarantee of Loans to Small Businesses

been extremely interested in listening to the debate at the resolution and other stages of this bill and look back upon some of those statements made by government backbenchers wherein they expressed ideas and suggestions as to provisions which should have been contained in the bill in order to make it more effective. Like those government backbenchers, we regret that those measures were not contained therein.

We find that there are three or four basic failures in the bill itself which perhaps could be reiterated at this time. One is that it is unnecessarily restrictive in that it confines the type of loans to those for only certain purposes, namely modernization of store facilities or small business facilities, and does not extend the provisions to a person who may wish to enter a business or to purchase a business himself. That is a failure in connection with the bill.

We feel there is also a failure in connection with the bill in that it gives the banks a monopoly position with regard to loans under the bill and does not, as does other legislation, take into account the fact that there are other lending institutions such as credit unions, caisses populaires and other co-operative societies which could very well function under the provisions of the bill.

It is restrictive in another way. Here I disagree with the opinion given to the minister by the Department of Justice, but that is a matter of opinion. It is restrictive in that it does not allow co-operative associations to have the privilege of functioning under the bill by becoming borrowers if they desire to borrow. The open-end interest rate is in effect a sell-out of the interests of the people concerned.

Mr. Macdonnell: Does the hon. member really want to ask us to consider his legal opinion as against the legal opinion of the Department of Justice? That is what he seems to be saying. I hope he is not saying that.

Mr. Howard: Certainly not. In reply may I say that mine is not a legal opinion, for one thing. I just say that my opinion is contrary to what the Department of Justice said. I disagree with them. I have known the department to be fallible previously. A case in point is the recent prosecution of Canadian Breweries Limited, wherein the Department of Justice thought they had an iron-clad case but when they arrived before the court they found they were incorrect. All I am saying is that the Department of Justice have been wrong previously and that I disagree with their interpretation in this instance.

In any event, if they are correct, surely it is not unreasonable to ask that those specific words be included in the bill in order to

[Mr. Howard.]

guarantee that co-operative associations may have the opportunity of borrowing under the act if they so desire rather than not mention them at all and merely rely upon the opinion of the minister which he said he received from the Department of Justice.

The other failure is with respect to the interest rate, which I say is unnecessarily open-ended and should not be that way. Some of these things we felt could be put in an amendment at this stage. Others would perhaps be ruled out of order. Because they are not included in the amendment which I intend to move, it does not mean that they are any less important. All it means is that we feel they would be ruled out of order if we put them in.

I refer to a provision to allow a person to enter a business or to purchase a new business under the act. This would be out of order, and consequently we do not want to put it in the amendment. However, we feel that the house should be given the opportunity of expressing its views with respect to these highly important matters, pinpointing them particularly. I therefore move, seconded by the hon. member for Timiskaming (Mr. Peters):

That this bill be not now read a third time but that it be referred back to the committee of the whole for the purpose of clarifying clause 2 with respect to credit unions, caisses populaires, and co-operative associations.

Mr. Speaker: Does anyone wish to say anything about this amendment before I put it before the house?

Some hon. Members: Question.

Mr. Fleming (Eglinton): Mr. Speaker, I shall be very brief on this matter because this subject was discussed in committee of the whole until I thought it was threadbare.

The purpose of the amendment is to deny third reading to this important bill which many small businesses in Canada are awaiting with hope, and refer the bill back to committee of the whole for the alleged purpose of clarifying clause 2 of the bill. Clause 2 of the bill is perfectly clear in its terms. It requires no clarification. The amendment proposed by the hon. member would certainly not have the effect of clarifying clause 2 of the bill.

Mr. Speaker, regardless of the difference which the hon. member proposes to set up in preferring his opinion against that of the Department of Justice, it is amply clear that co-operative associations are included within the benefits of the bill. That is perfectly clear. The reasons credit unions and caisses populaires are not suitable for inclusion as lending institutions under this bill have been discussed at very great length and are upon the record. These are provincial institutions