

*Guarantee of Loans to Small Businesses*

available to small business, let us make the legislation as wide as possible so that small business may obtain money.

Let me give an example, and I am sure the minister, with his native intelligence, will follow me. When one looks at this legislation one sees the conditions which are laid down before a bank can lend money. We tell the banks, "You can lend this money" under these and these conditions, and there is a whole list of conditions. The banks in a democratic country, as we are here, are privately owned institutions; they have a right to say "We do not mind lending money, but not under these conditions. These conditions are a little too restrictive for us, and we do not want this type of lending business".

However, the legislation says to the people of Canada, "You cannot ask for a loan under these terms from any organization except a bank". *Caisses populaires* and credit unions are not the only lending institutions in this country; there are trust companies, lending companies, syndicates of various sorts, all of them looking for this kind of business. Therefore if the banks say no because these conditions are too arduous for them, perhaps competitors of the banks will say yes because they are not as arduous for them. I suggest that the legislation, in limiting this right only to banks and in refusing to extend the definition to include other lending institutions, is restricting the field in which the Canadian public can seek this relief. That is all I said.

If, on the other hand—and I will illustrate it again—the legislation did provide some means whereby the banks were obliged to make these loans—and I do not favour such a course—the minister is perfectly right. If that were the case, of course it would be certain that the public would have a source from which to obtain money. But since the banks have a complete right to refuse to take this business, and can decide in their wisdom to refuse to take it, what will we have accomplished by this legislation?

We should give the people of Canada as wide a range of sources of these loans as the law can possibly give. I suggest that credit unions may be one source, *caisses populaires* may be another, trust companies may be another, and even lending companies, loan syndicates and other organizations may be others.

The minister has said these people are scalpers; that they will insist upon their usual rate of interest. The minister may be right. However, the government could say, "We will not guarantee a loan made by anyone in Canada if the rate of interest charged is greater than 6 per cent", or greater than

the normal bank interest rate. There is a safety valve to protect the people of Canada, to provide that these other lending institutions shall not charge a higher rate of interest than the banks.

I do not know why the minister should want to restrict to the banks the source of funds for the people of Canada. There are other people in the business of lending money in this country; they pay taxes, employ people and are not restricted by federal legislation from making loans. We are allowing, in a manner of speaking, a sort of combine. We are giving a control, a privilege, a monopoly to the banks; and why should we give a monopoly to the banks to be the only organizations to perform this job of lending money when there are competitors in this field in the country?

That is what I meant. I certainly was not advocating that we should adopt legislation to compel the banks to make these loans, but if it is desired to restrict this to the banks alone, then I think the government should make certain that the banks make these loans available. We have heard nothing from the minister or from the government informing us that they have been in negotiation with the banks and that the banks have given them an assurance that they will make these loans under the conditions set out. In my opinion the country is being treated to a little shadow boxing. I see nothing in this legislation which would ensure that the small businessmen of Canada will be able to get these loans through the banks; and if they cannot get them through the banks, why restrict them in their efforts to obtain loans elsewhere?

**Mr. Pugh:** On rising today I should like to congratulate the government and the Minister of Finance on this legislation. This has been done many a time before, but I repeat it because congratulations are due. It is time hon. members of the opposition realized that this is yet another effort to make further credit available to those who need it and, in particular, to small businesses.

Last night a red herring was drawn through the discussion of this admirable piece of legislation. I should prefer to take the word of the hon. member for Marquette, who spoke last night, and of the hon. member for Rosthern, who spoke today. Their words clearly set out the origin and the usefulness of credit unions in Canada. Those words, believe me, are sensible. Every one of us who has had anything to do with the credit union knows the truth of those words. We heard about initial co-operation; we heard about rates of interest; we heard about long term loans, and we heard