

Guarantee of Loans to Small Businesses

the further unsolicited burden of supplying loans to small business at 5 per cent or 6 per cent interest.

(Translation):

Mr. Sevigny: Mr. Chairman, I should like to make a few remarks on the legislation under discussion.

It is obvious that the present government has no intention whatsoever, in introducing this bill, of discriminating against the merits and effectiveness of the caisses populaires and their counterpart, the credit unions, in the neighbouring provinces. We all feel great respect and, indeed, deep admiration for the fine work accomplished by credit unions and caisses populaires on the national scene. But we must nevertheless recognize a simple fact: in this house we legislate in the federal field only and the caisses populaires, as well as the credit unions, are credit and finance institutions which come under provincial jurisdiction.

Moreover, that situation was clearly explained by the Minister of Finance (Mr. Fleming); besides, it seems unlikely that the Canadian people would resort to the caisses populaires and credit unions for the purposes of this legislation.

In spite of all the respect I have for the talent and legal qualifications of the hon. member for Cartier (Mr. Crestohl), I must say that I am a bit surprised by the remarks he made a moment ago. Unless I misunderstood him, I had the impression that the hon. member for Cartier was blaming the government for not using coercion to compel banks to grant loans to all those who apply for them, without too much concern for the character of the borrowers.

Those remarks seem rather strange coming from the hon. member for Cartier. After all, a fact must be recognized: this is a free country, not an economic dictatorship with a controlled economy. What would the Canadian people think of a government which would say to the chartered banks of this country: you will lend, you are under an obligation to do so, to every person asking for a loan, no matter what their qualifications, collateral and character.

To my mind, it is indeed strange in a democratic country such as ours to expect the government to lay down such conditions to our banking institutions. I think, on the contrary, that it is very wise to let our chartered banks find out by themselves what the borrower is worth, and more particularly the character of the person who is going to have to repay the loan over the years.

After all, Mr. Chairman, it must be recognized that our chartered banks play a very

[Mr. Nasserden.]

prominent part in our national economy, I would even go as far as saying the most important part.

Our bank managers have too often been criticized—and here I must challenge the words I have often heard expressed by my friends of the extreme left—for their attitude toward those who come to them because they want to borrow some money. Instead of criticizing the chartered banks, I think we should give them the praise they deserve for the wonderful part they have played in the development of our economy. Come to think of it, there are very few communities in our province and throughout Canada where there is not a branch of a chartered bank, whose importance varies according to the nature and volume of local business. No one in our villages, municipalities and towns can better appraise the character of those with whom they do business than the bank manager and his staff. Consequently I am of the opinion that we would do the community, and therefore the country, a disservice in taking away from this bank manager, as well as from his staff, the right to exercise his judgment as to the character of those who come to him for a loan.

I think that if we were to make a survey of what happened in the past we would find that the banks as a rule have loaned money properly and that they have exercised a sound judgment in granting credit to applicants for loans.

As far as I am concerned, I believe we are doing the right thing in leaving it up to the bank managers to decide whether or not a certain individual, a certain businessman, deserves the confidence of the bank.

I do not wish to delay unduly the present debate. I know it is of the utmost importance that this measure be passed as soon as possible and implemented at the earliest possible date. But I sincerely believe that it is not fair to blame the government for not compelling the banks to take any kind of risk. My hon. friend opposite, the hon. member for Cartier, will surely not hold it against me if I do not agree with him.

(Text):

Mr. Crestohl: Mr. Chairman, I would like to clarify some things that perhaps the minister did not quite grasp. It is not suggested that legislation should be adopted to compel banks to make these loans. The suggestion is that if we want to make these funds