

*[Translation]*

**Hon. Jacques Flynn (Leader of the Opposition):** Honourable senators, technically the explanation given by Senator Barrow on the legislation is unimpeachable. In effect this legislation is aimed at eventually repealing by proclamation the Small Loans Act, and introduces a new concept in the Criminal Code section establishing a criminal interest rate. In other terms, if you lend money at 60 per cent interest you commit a crime, while at 59 per cent it remains perfectly legal. Such is the situation proposed by the bill.

There are two aspects of course. Why repeal the Small Loans Act? The sponsor of the bill told us this was the only protection available against loan sharks. So it would disappear, only to be replaced by a new provision in the Criminal Code that would establish 60 per cent and more as a criminal interest rate. The technical aspect of repealing the Small Loans Act is a problem of interest to whom? The Committee on Banking, Trade and Commerce was suggested by the sponsor as the one the bill should be referred to. On the other hand, the new proposed section 301 of the Criminal Code is a problem that in my view is the responsibility of the Committee on Legal and Constitutional Affairs. I feel of course that the bill should be first referred to the Committee on Banking, Trade and Commerce, to determine the practical, technical consequence of repealing the Small Loans Act, but that later the Committee on Legal and Constitutional Affairs should look into that new provision.

I know that during the short time I was Minister of Justice, I had been asked to consider such a provision. I strongly opposed it. At that time—and I remember they had not convinced me—I felt horrified that someone should be considered as operating within the law as a result of a change in the interest rate to 59 per cent. This is a situation that in my view would please Shylocks, but which otherwise would afford no real protection since in the case of loan sharks the problem is not really the interest rate but how to go about getting their money back, collecting loans and interest on those loans, whether through blackmail, violence, etc. Therefore the bill has not much appeal to me. I find it distasteful. This really looks "fishy" to me. I am very curious to know what the committees, that is the Committee on Banking, Trade and Commerce and the Committee on Legal and Constitutional Affairs will have to say about that. For the time being, we will let it go through second reading and will determine in committee what this really entails.

**Hon. Royce Frith (Deputy Leader of the Government):** Honourable senators, before moving the adjournment of the debate on behalf of Senator Barrow, may I be allowed to add a few comments on the intervention of the Leader of the Opposition.

I merely want to draw your attention to the fact that the principle, which he himself pointed out, is in fact a question that should be of concern not only to honourable senators but to the public generally. For, if I remember correctly, in his remarks Senator Barrow mentioned the fact that 60 per cent, or rather 59 per cent, was not necessarily permitted. But, at

the same time, since mention has been made of 60 per cent, for the public in general the conclusion is that the rate of 59 per cent of interest is allowed. So, I agree wholeheartedly with the Leader of the Opposition. I am sure Senator Barrow will also agree. We trust the committee will concentrate its efforts, not only on that question, but will accept the fact that this aspect is of prime importance. I thank you indeed for giving me this opportunity of making a few remarks.

I now move adjournment of the debate, on behalf of Senator Barrow, provided no other senator wishes to speak on the matter. So, it is agreed, and I thank you.

**Hon. Martial Asselin:** Why not refer the bill to the committee immediately?

**Senator Frith:** Simply because Senator Barrow is sponsor of the bill and I feel he should be given the courtesy of closing the debate.

**Senator Flynn:** Senator Barrow is its sponsor and its "patron", in the pejorative sense.

**Senator Frith:** I thank the Leader of the Opposition for his correction. He has added a word to my French vocabulary.

On motion of Senator Frith, for Senator Barrow, debate adjourned.

● (1510)

*[English]*

## THE CONSTITUTION

### PROPOSED RESOLUTION FOR A JOINT ADDRESS TO HER MAJESTY THE QUEEN—ORDER STANDS

On the Order:

Resuming the debate on the inquiry of the Honourable Senator Perrault, P.C., calling the attention of the Senate to the document entitled "Proposed Resolution for a Joint Address to Her Majesty the Queen respecting the Constitution of Canada", tabled in the Senate on 6th October, 1980.—(*Honourable Senator Frith*).

**Hon. Royce Frith (Deputy Leader of the Government):** Honourable senators, we know, at least for the moment, that there will not be any intervention today on behalf of the opposition. Also we have a committee meeting at the present time and another scheduled to meet when the Senate rises. I therefore propose the adjournment of this debate on behalf of Senator Lamontagne. I defer to the honourable senator and ask that this order stand in his name until tomorrow.

**Hon. Senators:** Agreed.

Order stands.

## CANADA AND THE COMMONWEALTH CARIBBEAN AREA

### DESIRABILITY OF CLOSER COMMERCIAL AND CULTURAL RELATIONS—DEBATE CONCLUDED

The Senate resumed from Wednesday, July 16, the debate on the inquiry of Senator Macquarrie calling the attention of