

*Loans Acts Amendments*

not given any report to me. As soon as I get one I will let the hon. member know.

**Mr. Speaker:** Order, please. I will recognize the hon. member for Esquimalt-Saanich on a supplementary and then call orders of the day.

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**PUBLIC SERVICE****LABOUR DISPUTES—SUGGESTION GOVERNMENT EXPEDITE CONTRACT NEGOTIATIONS**

**Mr. Donald W. Munro (Esquimalt-Saanich):** Mr. Speaker, I hoped again today to address a question to the President of the Treasury Board. I like to think that he is presiding over one or other of the bargaining sessions which, hopefully, are going on at this time. In his absence, may I ask a question supplementary to that asked by the hon. member for Central Nova. I ask the Acting Prime Minister whether the present rash of labour disputes and strikes has caused the government to urge Treasury Board to act more expeditiously in its contract bargaining, particularly in areas where employees are providing essential services such as airport firefighters?

**Hon. Mitchell Sharp (Acting Prime Minister):** Mr. Speaker, like my colleague the Minister of Transport, I do not think that this is the essence of the problem. The problem relates to the fact that the members of the union have not followed the lead of their leaders.

**Mr. Speaker:** Orders of the day.

**GOVERNMENT ORDERS**

[English]

**FARM IMPROVEMENT, SMALL BUSINESSES AND FISHERIES IMPROVEMENT LOANS ACTS****AMENDMENTS RESPECTING LOANS AND GOVERNMENT LIABILITY**

The House resumed from Monday, April 15, consideration of the motion of Mr. Turner (Ottawa-Carleton) that Bill C-14, to amend the Farm Improvement Loans Act, the Small Businesses Loans Act and the Fisheries Improvement Loans Act, be read the third time and do pass, and the amendment thereto of Mr. Howard.

**Mr. Gordon Ritchie (Dauphin):** Mr. Speaker, just before ten o'clock last night I had been pointing out that it is difficult for the small businessman to accumulate capital. Capital accumulated in a farm or business has often been used for purposes of a retirement pension for the owner and his wife. The advent of the basic old age pension, the Canada Pension Plan and the provision for increasing the size of these pensions in accordance with the increase in the cost of living has made the accumulation of an annuity for use after the normal retirement age of 65 almost superfluous. Certainly it is less important. No

[Mr. Marchand (Langelier).]

amount of saving which the normal person is able to do can match what the government has offered by indexing the cost of living as it applies to the basic old age pension and the Canada Pension Plan. Therefore, the accumulation of capital to be used as retirement income is much less important now than it was even four or five years ago. Indeed, one could enter one's retirement years in a shroud, so to speak, and still be assured of a fairly reasonable living because of state help.

What I am saying is that we are entering a new era in which there are new attitudes toward accumulation of capital. People think differently about savings. This, of course, has a great deal to do with the legislation before us. Today, five of the major banks set their prime lending rate at 10.5 per cent following the move of the central bank. They did this to stimulate savings because at present inflation rates one can borrow money virtually at zero cost: the rate of inflation is greater than the rate of interest. One would be foolish not to borrow money under such circumstances.

In today's *Globe and Mail* appears an article by a member of the C.D. Howe Research Institute. The author points out that our savings will supply insufficient capital for our needs in the 1970s and 1980s. That fact will affect the workings of this legislation. Will our financial institutions have enough funds to make this bill effective? Furthermore, the article points out that a high proportion of people in the 20 to 35-year age group save relatively little of their income. This proportion will remain high for the next decade. The author makes one assumption which I feel is not likely to be fulfilled. He assumes that with rising personal incomes people will save more. The evidence does not bear him out because as the state, by paying the Canada pension and the basic old age pension, will look after people in their retirement years, it seems evident that savings will not be that important.

This bill will not do much to help the small businessman in the short term. The sharp increase in the Bank of Canada lending rate has come about in response to the increase in the number of bank loans. The banks evidently were running out of money to lend. It is difficult to say who was getting these loans. It appears that some of this money was used for purposes of liquidity. Apparently it has not been lent to those whom this legislation is supposed to help.

That brings me to this point: business has not been able to expand in the last few years and now we are paying the penalty by seeing shortage of supply and lack of capacity for the production of goods. The minister suggested shortly after introducing the bill that losses in connection with farm improvement loans have been remarkably low, amounting to about one-fifth of one per cent of the face value of loans. That may be so. The significant fact is that we are facing a real shortage of supply of agricultural products, which indicates that the loan program has been administered too rigidly.

One of the prime causes of inflation is the steadily expanding tendency of governments to spend more and more of the gross national product. The increase in the bank rate of interest is designed to cut down consumer demand and is a modest effort to moderate the increase in the money supply. That brings me to this point: this bill