

include operating expenses, and specifically the purchase of cattle inventory. This is what makes a ranch. If a ranch is not able to secure cattle inventory, if the rancher must pay a high interest rate, it prevents the growth of the ranch. This causes unemployment and other ramifications. So, I would suggest to the minister that when the regulations are being drawn up this point should be remembered, that we endeavour to include the operating expenses of businesses such as small ranches and farms, specifically the purchase of cattle inventory and other such inventories.

**Mr. Riis:** Mr. Chairman, I would like to take this opportunity to raise a couple of other questions while we are discussing this matter, particularly to emphasize the point made by the hon. member for Bow River. It is not often I agree with the hon. member for Bow River on many topics, but on this one I certainly concur 100 per cent. If there is one sector within the Canadian economy to which we must pay a great deal more attention it is the small farmer and the small cattleman.

I am privileged to come from a part of British Columbia which boasts of having some of the largest cattle ranches in Canada. I have some sensitivity to the needs, not so much of the large cattle operations, but of the small cattleman. Certainly in the last couple of weeks a number of cattlemen from my area—and I am talking about the people whose families have been in the area since the 1870s—have shown an interest in taking advantage of this type of program. I would like to lend my support to that of the previous speakers, asking the government to consider making the small farmer and cattleman eligible to take advantage of the Small Business Development Bond program.

I have two or three questions I would like to raise at this time. When one reads through this clause carefully it becomes evident that there are two beneficiaries of the Small Business Development Bond, the qualifying small business borrowers and, of course, the corporate lender. It would appear, from calculations I have made, that if the loan rate is at half prime plus 2½ per cent or more, this will result in greater benefit accruing to the chartered banks or the lending institutions than to the borrower himself. Would the minister confirm whether or not that is the case? If it is, then should we not be looking at placing a ceiling on the interest rates which can be charged so that we are not making it easier again for Canada's chartered banks to be making a profit? I do not think this is the idea of this particular piece of legislation.

[*Translation*]

**Mr. Bussièrès:** Mr. Chairman, I should like to take up very briefly the points raised by the hon. member for Calgary Centre, by the member for Bow River as well as by the hon. member for Kamloops-Shuswap whose comments were somewhat inconsistent with his first intervention, namely, to extend to all small businesses without exception, the privileges contained in the Small Business Development Bond and to extend them also to all kinds of investments. In the first place, I am surprised by the statements of the hon. member for Calgary

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Centre and the member for Bow River who often condemn this government for its careless spending and extremely burdensome budgetary deficit. This government knows that its budget deficit bears heavily on the Canadian taxpayers. It is committed to reducing the deficit, and this is exactly why it proceeds so sparingly with an expenditure like the one involved in the small business expansion bond program. Such a tax credit will apply—because it can actually be very popular—could result in a tax loss that is tantamount to a considerably high expenditure, and the government must consider this.

I think this is why the hon. member for Kamloops-Shuswap stated in the first part of his comments that this was not the best way of helping small businesses. In this respect, I would like to suggest that the Minister of State for Small Businesses is now conducting a study on the various financing needs of our small businessmen, whether for expansion, for working capital, for coping with their needs during periods of economic recession, etc. The study is under way, and when it is completed the government will come forth with measures that will respond much better to the needs of the small businesses than this type of bond. We may also come up with programs that will better cope with the financing problems experienced by small businesses. Because their scope will be known, they will be much less costly to the Canadian taxpayers than this type of bond.

I have also been asked whether banks will not derive larger benefits than the small businesses themselves from the way the tax credit will be figured out. I have not worked this out myself but, if I am allowed a few seconds, if an honourable member has a very brief comment to make, I would consult with the officials who have studied with the particular method of administering that program and then I could provide an answer more quickly.

[*English*]

**Mr. Mayer:** Mr. Chairman, I would like to make a few brief interjections to reinforce what has already been said by the hon. member for Bow River and by the hon. member for Kamloops-Shuswap about the Small Business Development Bond. I would like to emphasize how important it can be to the small, unincorporated businessman and the small farmer.

I think it is well known that in agriculture the amount of investment per job is greater than in any other segment of the Canadian economy. I do not have the exact figures with me but it seems to me, if my memory serves me correctly, that we are talking about \$150,000 to \$175,000 of investment capital per job in agriculture. This is because of the nature of agriculture. In most cases it is an annual production cycle so that we go through one production cycle per year, whether it be in the cattle business or in grain farming. The farming segment needs capital on a yearly basis, and in some cases on a longer term basis.

I point out that when interest rates fluctuate widely a great deal of uncertainty in the farming community can occur within a year's time. What happens in many cases is that, rather than