

The Acting Speaker (Mr. Blaker): When the House rose at six o'clock, the hon. member for Prince George-Peace River (Mr. Oberle) had the floor.

Mr. Oberle: Mr. Speaker, thank you for recognizing me once again and pronouncing my riding the proper way.

Before the House recessed for the supper hour I was discussing the Small Businesses Loans Act in the context of why it is necessary from time to time for the government to take these measures so as to protect or help certain sectors in the economy. Of course, the reason is that the marketplace can no longer function as it has previously. In other words, there is no longer a free market economy. In my contribution to the budget debate, I demonstrated why it is that the conventional and traditional tools and instruments that governments, monitors and fiscal planners were using were no longer effective. Of course, the reason is that there is no longer a free market economy in our country in the traditional sense. In the small business sector there is free enterprise and competition, but the small business sector or, indeed, the private sector as a whole, is no longer the dominant force in the economy. In fact, it is the government which is now the biggest employer—and I suppose it always has been—the biggest investor and the biggest corporate entity in the country, not only in the public service sector but in several major sectors of the economy, the most important being the energy sector, but also in transportation, communications and so on.

The government, which occupies such a dominant position in the economy, does not play by the same rules as does the private sector. That is the reason that the conventional tinkering, the conventional exercise of government regulations can no longer function. It does not really matter how much the private sector restrains itself in spending and in expanding the economy, as long as the government continues to spend as if there were no tomorrow. Then it really would not matter what we were doing. That is the main reason we have these distorted problems in our economy today. Because the government attempts to regulate a free market economy, there is no longer a free market economy operating in our country.

The Minister of Finance and the government spokesmen are ready always to blame others for the problems that the small business sector and the economy confront. It is either the American high inflation rate policy or, in the last few weeks, it has been the banks. The Minister of Finance and some of his colleagues actually stand in the House and blame the banks for the problems facing the small business community as if it were the banks that set the interest rates. It is the Governor of the Bank of Canada, on the advice of the minister, who sets the interest rates. We all lament the fact, and the NDP is in the forefront, that the banks are making excess profits.

● (2010)

Mr. Deans: Right, right!

Mr. Oberle: But if we are intervening and telling the banks what interest to charge, they cannot be blamed for making profits. We cannot blame the oil companies for making profits

on selling oil when we set the oil price, without controlling it completely and without taxing away any of the profits. I am not advocating that we should have an excess profits tax but, as I said in the budget debate, one cannot be just a little pregnant. Once one starts intervening, one either goes all the way or else one gets out. It is not the fault of the banks that they have made excess profits. It is the fault of the government and of the Governor of the Bank of Canada, as it is their fault that the oil companies are making excess profits.

There are ways to get around the banks. As I said earlier, I have never been a great friend of the banks. I have always operated three years ahead of them. Small-business men are always a nuisance to the banks because their loans are as difficult to administer and service as the loans of large corporations such as Massey-Ferguson and Chrysler. The banks would much prefer to operate in the large corporate sphere of activity without having to worry about small-business men. From time to time the government has to intervene to encourage or provide competition for the banks, as was done with the Federal Business Development Bank and the Farm Credit Corporation. These institutions were actually put in place to give some competition to the banks and to keep them honest.

If we were really serious about helping small-business men, we could do it. Because we are always accused of not advancing any positive ideas, I should like to advance one. The Small Business Development Bond program was brought in in the budget of the hon. member for St. John's West (Mr. Crosbie). Perhaps my speech is too penetrating or too cutting; it must have melted the wire inside my microphone as apparently I cannot be heard. In any event, if we were really serious about helping the small business sector and about keeping banks honest, I know what we could do. I raised the question with the Minister of Finance the other day during question period. I asked him whether he had given thought to the idea of allowing private investors, through the mortgage exchange corporation, which is already on the books of the House but not yet proclaimed, to put more money into the mortgage field. This would make money available at acceptable and manageable interest rates. All we would have to do is to give the same concessions which the banks already enjoy to private investors. We could get them to cash in their term deposits and to buy private mortgages through the mortgage exchange corporation. If we gave the same concession to private investors, the interest earned on such investment would be free of income tax. For example, if one has money in a term deposit today, probably one would enjoy a 15 per cent or 16 per cent interest rate. I am only speculating because I have not checked recently. If one purchased a mortgage exchange corporation bond at 11 per cent and did not have to pay income tax on the 11 per cent, one would probably be further ahead. Not only would it be a better investment guaranteed by the Government of Canada, but one would be further ahead. Usually the people with term deposits in the bank are income earners who have a few dollars left at the end of the month. They should be putting that money into the economy.