Loans Acts Amendments

Export Development Corporation financing do so at roughly the rate the government borrows, namely, 7 per cent.

I mentioned that figure of 8 per cent because, as the Minister of Finance pointed out, the going rate beginning April 1 will be 8 per cent for loans to small businessmen, farmers or fishermen. But I would emphasize that in the last few weeks the bond levels in Canada have shot up most dramatically. For example, in the two weeks ending April 10, the yield on long term government bonds on average has jumped .35 per cent. I would suggest that when the new rate is pegged, as this formula will cause it to be pegged for small businessmen, farmers and fishermen, it could well be that the average lending rate for small businessmen, farmers and fishermen will be 9.5 per cent, or higher, under this legislation in Canada.

● (2140)

As we know, Mr. Speaker, there is an amendment before us in which the hon. member for Skeena (Mr. Howard) has proposed that the bill be sent back to committee for the purpose of studying clauses Nos. 2, 7 and 9. It is my understanding that the hon. member hoped that some interest ceiling might be written into the bill to guarantee that the farmer, the fisherman and the small businessman will not have to pay rates of interest of 8 per cent or 9 per cent, or whatever rate the present formula will dictate.

One can sympathize with the hon. member's intention, but I feel that he is missing the point. There is little purpose in this government, or any other, setting a rate that is below the going rate, and expecting the chartered banks to abide by it. Obviously the government must accept the basic problem and decide what course to take. If it wishes to utilize chartered bank assets it knows there are ample assets to utilize.

I have pointed out that our money system went up $550 million in the last week alone, but perhaps it is more relevant to point out that in 1963 total Canadian bank assets, net of any foreign assets, were $17.8 billion, and in 1973 they had reached $55.1 billion. In that short period bank assets in this country have more than tripled. There can be no question, therefore, that there are ample loanable funds available if the banks can be induced to lend them to small businesses.

I suggest that the government knows, as certainly the business community knows, it is only gesturing to say that any chartered bank should be expected to loan any sizeable amount of its loanable funds at below the going rate, yet that apparently is what the government expects in this legislation.

I would suggest that if the government wishes to see lower rates for businesses, the farmer or the fisherman, it must accept one of two alternatives. It must subsidize the lending institutions to ensure the lower rates, or it must take the Export Development Corporation route and loan the funds to the smaller businessman through some corporation, or directly from the government itself.

Those are the alternatives, Mr. Speaker. It is not fair for the government to pretend that this is legislation that is readily available and may be used by small businessmen, as is suggested so often by members of the government when they are asked what they are doing to help small businesses in this country.

[Mr. Stevens.]

I have attempted to show the virtual misrepresentation that the government has placed before this House concerning the bill and the legislation we are now considering.

There will be a day of reckoning, Mr. Speaker. I think it is important that members of this House not become implicated in a government charade without pointing out the facts for the people of Canada to decide. The facts are, Mr. Speaker, that we have a government that literally has not dealt with inflation in a prudent manner, that has decided to take a laissez faire attitude with respect to inflation. It is a government that to date has had the support of a certain caucus in this parliament that oddly enough has felt that a more determined stand to contain and control inflation would somehow not benefit the labouring man in this country. Mr. Speaker, nobody in Canada has been hurt more than the average wage earner through the incompetence of the present government.

There is no other way for this government and this Minister of Finance (Mr. Turner) to explain why labour income in this country has fallen by 6 per cent in the last three years as a share of national income, while corporate profits, after taxes, have jumped by 79 per cent. This is the hard reality of the government's lack of policy concerning inflation in Canada: the favoured few in the eye of the Trudeau government have benefitted from inflation whereas others, especially the unorganized in our labour force, have been hurt severely by rampant inflation.

I would suggest that not only has the labouring man been hurt but the smaller businessman has been hurt as well, and the gesturing, the press releases, and the statements of good intentions which have come from the government are not enough to restore the imbalance that has taken place as a result of the cruellest tax of all, namely inflation.

When we are touching this, Mr. Speaker, I have already referred to the fact that the bond market in Canada has sold off dramatically in recent weeks. It is common knowledge, for example, that the Bank of Canada had to enter the Canadian bond market to support it, and that it now owns over half a billion dollars of Canadian securities that it did not intend to buy a few weeks ago, and that one of the reasons for this is the over-spending of the government. The day of reckoning is coming, Mr. Speaker.

Mr. Turner (Ottawa-Carleton): You guys are not going to be standing on the mountain!

Mr. Stevens: The day is coming when the government will have to make its peace with the money markets of Canada if it intends to continue to fund its heavy spending programs in the manner it has been funding them over the past few years. Until last year it was able to do much of its funding through the sale of Canada savings bonds, but not last year. Consequently the government's cash position has deteriorated by approximately $1.2 billion in the past year, so it now has considerable financing to raise in the coming months.