

Loans Acts Amendments

market and pay dividends in the United States with Canadian money? Is this the kind of Canada we want, or are we prepared to have an independent Canada, with independent control of our credit?

I say we must have an independent Canada, a Canada prepared to have control of its own credit. If the small businessman requires a loan he should be able to obtain it at a reasonable rate of interest. He should not be pirated or pushed around because of a money shortage, or because Ford of Canada, General Motors, a steel company or some other large corporation has better credit and can take the dollar and do what it wants with it. That is the approach the government takes.

In its contingency plan the government takes the attitude that if the rates are increased enough, and if the money supply is made tight enough, the money supply will be reduced. That is true. The effect of this attitude is an axe-blade approach to chop down the money supply without regard to who is hurt. I say that is exactly what will happen to the small businessmen, the fishermen and the farmers. It is what happened to them in 1969, 1970 and 1971 under the policies of this government. What we need today is a statement from the Minister of Finance to the effect that he intends to control inflation in such a manner that those who produce in Canada will have enough credit to work with, that those who create supplies will have enough money to work with and so that those who farm, fish and are involved in small business will have enough money to work with but that those who speculate in commodities, real estate and so on will be out of luck. So far this has not been the attitude the minister and this government are prepared to express. The small businessman, the farmer and the fisherman cannot conceivably trust this government because what they are looking at is a re-enactment of the 1969 and 1970 tight money situation.

● (2020)

That was their attitude when they said: 6 per cent of the people are out of work, so what, we are going to control inflation. All right, perhaps there it is necessary to have some monetary controls to control inflation, but they do not need to use monetary controls as if it were a meat axe. You do not have to chop willy nilly. You can deal with the money supply on a proper allocation of that supply to those parts of the community that are entitled to the use of credit in a society. Until we have a federal administration that is prepared to make sure that the allocation of money supply is socially acceptable and is prepared to tune the economy of this country, I for one as a member of this House will have no faith in this government. I say to you that small business has no faith in this government, that fishermen have no faith in this government, that farmers have no faith in this government, and indeed the people of Canada have no faith in the government. If the government had any guts, it would let us have an opportunity to vote no confidence and thus find out who has faith in it because, I suggest to you, that an election today would throw them out where they belong.

Some hon. Members: Hear, hear!

[Mr. Blenkarn.]

[*Translation*]

Mr. Léonel Beaudoin (Richmond): Mr. Speaker, I am happy to add a few words, after having listened carefully to the comments of the previous speaker about the bill before the House tonight, especially as concerns the amendment.

Mr. Speaker, I would like to say at once what I thought of the comments of the hon. member for Mississauga (Mr. Blenkarn) who spoke before me and who, for all practical purposes, put the blame for the increase of the interest rates on the government. I agree with him that the government is to blame for letting the Bank of Canada increase its interest rate. However, I should like to refer to the administration of the right hon. Mr. Diefenbaker, for 1958 to 1960. In 1960, I was a small businessman. Like all other small businessmen, I had to borrow from the bank. At a given moment, my credit was good for \$5,000 or \$6,000 in a bank. The next day, the Progressive Conservative government of that day wanted to slow down at all costs the impetus of Canadian businessmen by reducing their bank credit. In 1959 and 1960, all businessmen saw their bank credit reduced in order to curb inflation. For them, it was the tightness of the money they put in the bank. I think that the present government, with the present Minister of Finance (Mr. Turner), whom I like very much by the way since he is a charming man, must listen to those who have decided that we should not have tight money, but that we should force those who need money to borrow at a higher interest rate, which is the same thing. When the Progressive Conservative party is in power, it promotes tight money in order to stop inflation and prevent businessmen from obtaining credit to be able to increase production.

Since I was a manufacturer at that time, I had to reduce my administration and the number of my employees by 50 per cent, because I no longer had the capital to wait for receivable accounts, and to make the business work. I therefore had to reduce my expansion and I waited for the Progressive Conservative government of that time to decide to relax bank credit to some extent.

I believe that neither the Progressive Conservatives of that time nor the present government have the solution to the difficulties of the small businessman.

The bill before us this evening enables those who want to buy cattle to borrow \$50,000 instead of \$25,000. In two or three weeks, they are going to pay the bank an interest rate of 11½, 12 per cent. At present, as western beef producers know, it is possible, as I read the other day in the beef producer's bulletin, a gross price of 4½ per cent. The more the beef producer gets into debt, at 12½ per cent, the sooner he will go bankrupt, and the more he will be inclined to give up breeding. Perhaps at a certain time, such a bill might have been good, when the bank lent money at 4¾, 5, 5¼ per cent, but now, it is a worthless jumble, it is useless. How will those who want to borrow money at 12½ per cent, when their operations bring in only 4¾ make profits? How will they live?

I think that the government increases the interest rate on loans in order to slow down Canadian home builders, to slow down manufacturers and other people who are confident in the future, to check the inflation which increases by 1, 1½ per cent a month.