

Loans Acts Amendments

[English]

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, I feel it is a worthwhile opportunity to join in the third reading debate on Bill C-14. I say this because the bill deals with the farmer, the small businessman and the fisherman in this country. I believe it is wise that we in parliament first take a look at the record of what the government has done for the farmer and the small businessman in the 10 years it, and its predecessor, have been in office. I refer to the share of net national income enjoyed by the farmers and small businessmen. The short answer is that the farmer and the small businessman have not had it so good since the last year of Conservative rule in Canada.

I think it is pertinent to recall that in 1963 total business income of an unincorporated nature was 10.3 per cent of the national income, and that under Liberal government rule that share has declined every year to the present level of 7.5 per cent of the national income.

• (2130)

Some hon. Members: Shame!

Mr. Turner (Ottawa-Carleton): Perhaps more companies are being incorporated.

Mr. Stevens: I can assure the minister that small businessmen are not being incorporated as a result of any encouragement given by the present government.

Some hon. Members: Hear, hear!

Mr. Stevens: I wonder how the Minister of Finance (Mr. Turner) would explain the lot of the farm operator. In 1963 the farm operator had 4.5 per cent of the national income in this country. Last year he had 3.4 per cent, and that was one of his better years under the Liberal government reign. As was mentioned during the question period earlier today, the lot of all in Canada, particularly the lot of the bigger corporations, has not been so poor under the Liberals. I think it bears reiterating that corporate profits after taxes in the last quarter of 1973 have soared to 12 per cent of the nation's national income from 6.7% three years earlier, while the share of labour has fallen from 75 per cent to 70 per cent. Not only is this government fond of big government but it is fond of big business, judging from how it has treated certain of the larger corporations in the country.

I gave some background because I believe it is important that we get into perspective the true nature of the Trudeau government in Canada. This bill is tokenism; it is a gesture; it is something that the Liberals can hang a press release around when they have to answer on what they propose to do for the farmer, the fishermen or the small businessman in Canada. For example, I followed the remarks of the Minister of Finance when this bill came up for second reading in the House and I found it interesting that he pointed out that the Small Businesses Loans Act came into effect in early 1961, and then, presumably in a moment of great pride, he said:

Since inception, including the last full year of operation, \$290 million have been made available to small businesses under the provisions of this legislation. Lending reached a peak of \$30 million in the year ended December 31, 1973.

I would have thought that the minister would have been ashamed to put such figures on the record as justification for this act. Imagine talking about a peak year in which \$30 million were given in loans to small businesses! Last week Canadian chartered bank assets went up \$550 million alone. That is the type of financing in the country at present, yet we have a Minister of Finance who feels it is a credible showing that in an entire year small businessmen received loans under the relevant legislation totalling \$30 million.

Again, as we know, part of this bill is to increase the aggregate amount that chartered banks may lend under the act to \$250 million, and the aggregate amount that other lending institutions may lend to \$100 million. That is the government's answer to the small businessman in Canada.

There is another bill on the order paper. I refer to Bill C-10, an act to amend the Export Development Act. Surely it shows the true colours of the present government when we consider that it is proposing to increase the share capital alone of the Export Development Corporation from \$125 million to \$400 million. It is proposing to increase the capital of the Export Development Corporation by almost the total amount that it is willing to guarantee in chartered bank loans to small businesses.

That is only the beginning. It also proposes, if this parliament should be so foolish as to allow the bill to pass, to permit the Export Development Corporation to borrow up to ten times the authorized capital, that is \$4 billion. It proposes that the present lending limit in one category be increased from \$1.5 billion to \$4.25 billion. Under another heading it proposes that that corporation should have the right to lend not \$450 million—the present level—but \$850 million. I mention this because here is a corporation that has been dealing with the favoured few corporations that the government likes so much.

Here the average loans are in the neighbourhood of \$20 million to \$30 million. The loans are granted to countries lucky enough to get this benefit while those Corporations in Canada, which in practice are mainly over 50 per cent foreign controlled, in turn get the benefit of the financing which has been at a rate slightly over 7 per cent per annum. What a strange situation! Here we have a government proposing to extend the limits of the Export Development Corporation so that it may facilitate financing for foreigners of over \$5 billion, at interest rates in the neighbourhood of 7 per cent, and we are told on the other hand that it is a worthy amendment which would allow small businesses in Canada to borrow up to \$250 million, not from the government but from chartered banks at 8 per cent plus.

We are told that the small business rates will be pegged to the long term bond rates in Canada which, as the Minister of Finance pointed out, beginning on April 1 would justify a rate of 8 per cent. So not only is the government proposing extremely high limits for one sector of the economy, the big business community, compared with the limits that it is proposing for the small business sector, but it is also proposing to continue a rate differential so that small businesses in Canada will have to pay 1 per cent above the going bond rate in Canada,—now 8 per cent whereas those who are lucky enough to get the