(iii) Government lending and guarantees

In other areas where government financial institutions operate or government guarantees are offered, the objective should also be to encourage the private markets to do the job themselves to the fullest extent possible. Thus the Commission argues that the economy will be better served if the rates charged by the Farm Credit Corporation and the Industrial Development Bank move more closely with market rates so private lending is not inhibited (pp 229-32); the Commission recommends raising the maximum amounts of F.C.C. loans to handle the requirements of larger farms. The rates on Farm Improvement Loans and other private loans guaranteed by the government have not moved with market rates since the programmes were instituted: private lending is thus actually discouraged by legislation intended to help particular borrowers (pp 233-4). Finally, on the question of government financial institutions the Commission briefly reviews some aspects of public pension arrangements. Without putting forward specific proposals of its own, the Commission stresses the great importance of giving the most careful thought to this matter before committing the country to arrangements which may have major consequences for financial markets and the economy generally (pp 262-4).

(iv) Bond and stock markets and securities legislation

The Commission's main recommendations are designed to ensure that abuses do not reduce the efficiency of the markets and reduce or distort the flows of funds through them (pp 344-5). While stressing the vital role of self-regulation by the securities industry (p 347), the report argues that it must be supported by good securities legislation enforced by strong securities commissions. Despite considerable progress, the Commission finds the present situation unsatisfactory and recommends that the federal government take the lead in cooperation with provincial governments to