

Government Orders

ourselves as government in a compromised position when we are the legislators of the lending industry. We are guaranteeing loans and we are also providing loans. The waters are indeed muddy.

What is next for the Farm Credit Corporation? About the only thing the FCC does not do is provide long term loans at reasonably fixed rates. That was the original concept under which the FCC was created.

If this is not possible, why do we keep the FCC around? A related issue to the FCC fiasco is the amount of money being given to the western economic diversification program and the prairie farm rehabilitation administration, the PFRA, with regard to the farm machinery industry in Saskatchewan.

As a Saskatchewanian I see the importance of a home grown agricultural manufacturing business. I am in favour of creating new agriculture technology in responding to the desire for increased efficiency and diversification and creating jobs in a stable economy. If the government is involved in financing these ventures, it is of concern to us and taxpayers alike; often we are the same people.

There is no reason the farm machinery industry should be propped up either in the short term or the long term. Many of the Liberal hair brained short term financing schemes have turned into long term drains on the public purse.

In the past eight years over \$34 million has been approved for loans or grants to Saskatchewan farm industry manufacturers. The agreements are a combination of grants and interest free, non-repayable and conditional loans. Although the \$34 million is a combination of federal and provincial governments, the federal government through western economic diversification and the PFRA have provided a substantial amount.

It appalls me when the president of the largest agricultural machinery manufacturer in Saskatchewan makes the following statement: "A company has no choice but to look at what is there and to take what is offered if you are to remain competitive". This is from the *Western Producer* on June 1, 1995.

Flexi-Coil has received over \$19 million in closing grants from the federal and provincial governments since 1987. Dale Botting, executive director of the Canadian Federation of Independent Business, commenting on the grants and loans given out states that the days of government giving money to a chosen few has to stop.

A recent survey conducted by the Canadian Federation of Independent Business members shows that most are opposed to business subsidies. Members who have received grant money in the past would have proceeded with their expansion without the grant by a margin of three to one.

Another farm machinery manufacturer, Bourgault Industries, is competing head to head with Flexi-Coil. Bourgault Industries has not received a single government dollar yet it has become a successful business, with sales of over \$50 million each year.

In an article in the *Western Producer* Gerry Bourgault, president of the company, stated: "Refusing government loans and grants shows up in a healthy bottom line. When sales are down the company is forced to reassess its equipment and make changes that farmers want. Government money clouds the financial picture. If you do not run your business properly, government grants are not going to make up for that. Governments should not be in the business of giving money away to businesses. In most cases it is just squandered".

The Liberal government should be in consultation with the likes of Gerry Bourgault. There is no doubt the Liberals have been and continue to consult the wrong individuals. The Liberals must stop interfering in agriculture and business. As stated by Mr. Bourgault, refusing government loans and grants shows up in a healthy bottom line. Propping up business with loans and grants does nothing more than create a greater dependency on government. Reformers believe the economy should be market driven and not skewed by government interference and intervention.

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The small business loans program should probably be merged with the farm improvement loan program. They are both attempting to do the same thing. They are both supposed to be financially sound and we as members of Parliament must insist both programs be actuarially sound and that all costs with respect to the program should not come out of the taxpayers' pockets but should be paid for by the users of the loan guarantee program.

I understand the farm improvement loans are not subsidized by the taxpayers. We as legislators must insist on proper accounting and it be maintained. The administrative costs must be covered by the users and the default rate must not become so high that the moneys are taken out taxpayers' pockets to subsidize any industry, whether it be my industry, farming, or any other small business or megaproject. We all have to operate by the same rules.

The Reform Party sees Bill C-75 as a small step in the right direction with respect to private sector lending institutions making capital available to viable farm operations. The government still has a long way to go in removing itself from the grants and loans to all areas of the economy.

FIMCLA must be made self-sustaining. It must not be a burden on the taxpayers and governments. Governments must get out of the business of being in business and they must provide fairness and equity to the business sector.