

*Small Businesses Loans Act*

loans for business expansion when often this is not necessary. What these businesses need is financing to sustain them and keep them viable. Loans could and should be made on the basis of accounts receivable and for stock in trade.

There is just one other point which I should like to make which relates to the performance of the treasury branches. In looking at borrowings under the Farm Improvement Loans Act, I notice that between 1967 and 1968 there has been a considerable drop in the number of loans made by chartered banks under this act. Certainly, there has been a need for funds in this area but I think there has probably been a reluctance on the part of these agencies to lend at the lower interest rates. I have figures for three of our main banks and I note that in 1967 loans for farm improvement from the three banks amounted to \$52.4 million, \$42.3 million and \$70.1 million, while in 1968, a year later, the amount lent under the Farm Improvement Loans Act was \$7.5 million, \$4 million and \$11 million, which is a dramatic reduction. I do not have as complete a breakdown for the treasury branches, but it seems that their loans in this area have been at least consistent and have even increased somewhat. Loans for agricultural and personal purposes in the same period of time increased by some \$12 million, so I believe that this is quite an argument in support of the concern of treasury branches for the financial needs of the people.

I will not pursue this any further today, but will conclude by again encouraging the minister to consider these treasury branches.

**Mr. Rod Thomson (Battleford-Kindersley):** The great socialist from Windsor West has introduced this bill which, in effect, will provide government assistance to private lending institutions. I should like to go on record as saying that I favour this proposal. The great socialist from Battle River wants the federal government to underwrite the provincial government's lending institution, and I must say I think it is a good idea. I cannot see anything wrong with this proposal, either.

This type of loan has been used more widely in western Canada than in some other areas. I think this indicates perhaps that there is a greater financial need there than in some other areas of the country. However, I am quite concerned at the moment that loan companies which will come under the bill might not have money to lend at the present interest rates, particularly in view of the awkward financial situation in which agriculture in

[Mr. Downey.]

western Canada finds itself. In addition, the government's policy of restraint on agriculture makes farmers wonder if it is wise to borrow money under such a bill. If you are a banker or responsible individual in a lending institution and if you have the money available, you would be wise to lend it to such a borrower.

• (3:40 p.m.)

There are matters related to this bill. Now law stands by itself. It stands in relation to the rest of the community or institutions. If we are not going to have an effective Small Businesses Loans Act, we might as well not have one.

I invite the minister to consider some other aspects of the lending community, the business community and the position of these people generally. We know that some banks have a much more aggressive lending policy, at least they lend a great deal more money than some others. It is not always the policy of the government or the provisions of an act that govern the situation, but it is the policy of the banks. Possibly the minister should do a little more advertising or apply a little pressure to ensure that these lending institutions consider this act seriously. I assume the minister expects small businesses to borrow money.

There are two other points I want to make in relation to this bill. With the white paper, on taxation before the country, the tax situation is such that small businesses are uncertain whether or not they should borrow money. What are the tax changes going to do to them? If I were a banker or credit manager of a financial institution and were approached by a small business for a loan, I would certainly consider what effect the new tax rate would have on this businessman before I would make the loan. The white paper has caused a pall of uncertainty over some sections of the business community.

I suggest the minister should get on with the job and decide what is to be done, so that the small business people will know where they are. I do not think it is right that the government should be responsible for putting a person in a position of wondering whether he should or should not borrow money. The role of the government should be to help individuals to assess their business situation.

Another point I wish to comment on is the inflation which we have in this country, and the plans of the government for curing inflation. I will not go into the plans here, but I