

Loans Acts Amendments

will not be effective unless money can be directed, through the medium of small loans, to farmers, fishermen and small businessmen. A good deal of it will be lent by the banks. To keep costs down, the government should reduce the increase in its rate of spending.

Most government spending is inflationary because it consists of transfer payments which are spent immediately. Savings could be redirected through such institutions as the Industrial Development Bank which could be told to take greater risks with small loans so that small businessmen have access to capital. The administration of these loans acts could take greater risks in order to aid small businessmen, farmers and fishermen. I have some serious doubts whether raising the ceiling on these loans will be as beneficial as it should be unless certain directions are taken in lending money to individuals, farmers in particular. Unfortunately, governments federal and provincial become so involved in lending money to the agricultural industry that not much private money is left for investing. In other words, we look to this type of legislation for much of our total investment in farming.

● (1510)

As far as farming is concerned, we are in general agreement that the family farm is one of the best units for agricultural production and for the fabric of our rural countryside. When one considers that in the Soviet Union the state is considering extending farm units so there will be emerging many larger farms, we might ponder the philosophy of enlarging farm units even more. I reject the point of view that we need abnormally large farm units. However, we must recognize that in this country, and particularly in the farmlands of western Canada, very large acreages are being farmed as units with a minimum number of families involved. Much of the reason for these large-sized units has been the availability of government-financed loans obtained by individuals who would not have been able to expand had they had to depend on private money. In other words, governments both federal and provincial have made possible larger units than the private lending institutions would have allowed.

In this bill which extends the loan limits we have the elements of an undesirable feature, and this will be used by owners of large farms to acquire even larger units. If these loans could be earmarked for individuals with smaller operations, it would help them become more self-sufficient and more viable. At the same time, it would ensure that large-scale operators would have to acquire their money from private lending institutions for any expansion they wish to undertake. This is preferable to the suggestion that farm sizes should be limited by legislation.

Farm improvement loans might well have the social function of preserving small farms and assisting new and young farmers to become established. They might well have to assume more risks than those in which the lending institutions are currently involved. Farm population has dropped from almost 40 per cent at the beginning of World War II to 7 or 8 per cent at the present time. Many people consider this abnormally low. With the worsening energy shortage it is evident that more individuals will have to become involved in food production. Indeed, a great deal of food has always been produced by units which were

considered by the so-called agricultural experts to be inefficient.

We have to realize that the term "viable unit" has many different aspects and means many different things within an individual's life. I think the banks which are involved in the loan operation under this legislation could take more risks and give small and new operators more risk capital. The aspect of the bill which raises the limits will not let the operator become more viable or the new operator become established unless direction is given to lending institutions that these people should have a preferred position.

Turning to small business, this is an area in which I am very interested. I sincerely believe that small business provides a very strong pivot in our economy. It provides a built-in flexibility that large corporations cannot match. While it may not always be efficient, enough of it is efficient to make it an extremely valuable component of our society. In addition to the lending aspect or liability of small business, the most important thing for small business is that government leaves them alone. They are deluged with inspectors and advisers who create work and are an unnecessary expense for government. This is a much greater problem for small businesses than that of raising money. In fact, if governments could limit their demands on the management of small business it would go a long way toward making small business more viable. I thank you, Mr. Speaker, for giving me the opportunity to speak on this bill.

Mr. William C. Frank (Middlesex): Mr. Speaker, I again rise to speak on Bill C-14 because of great personal concern and obligation to many of my constituents, namely, small businessmen and their allied suppliers. When I spoke during the second reading debate on this bill last Wednesday I had the impression there would be an opportunity to move an amendment. Because we receive limited warning as to when a bill will be brought before the House I expected to have that opportunity when the bill was at the standing committee stage. However, immediately following second reading the House went into committee of the whole which, according to my limited knowledge of parliamentary procedure, did not allow for amendments.

The content of the amendment I would have moved would have counteracted what the Minister of Finance (Mr. Turner) said was not in the bill when answering a question put to him by the hon. member for Red Deer (Mr. Towers) in committee of the whole. I quote from page 1396 of *Hansard*:

I have a further question, Mr. Chairman, with regard to the small business loans. Is this going to allow for the operation of the business, or is it strictly for the purchase of property and machinery?

The minister replied:

It is not for working capital, Mr. Chairman.

Having experienced first-hand the need for such working capital in my own business in the early stages of its existence, I feel very strongly that the minister, along with the amendments that were included in the bill, should have given very serious consideration to a provision for working capital. Perhaps it is quite easy for the Department of Finance to overlook the importance of and the necessity for working capital. The minister and his