

*Loans Acts Amendments*

from big business but from medium and small business which, I will point out for the second time in this debate, employs more than 60 per cent of all the people who work in this country. They work for medium and small businesses which employ 100 or less employees.

I suggest that if this country is to move at all, if the economy is to grow and businesses are to expand and create the jobs necessary, then it is that segment of the economy that needs encouragement more than any other at this stage. We have now some 500,000 people unemployed in this country every year. As we know, many thousands more enter the job market and there are no jobs for them. We have been living with this unhappy situation ever since 1969. The hon. member for Skeena spoke about the famous tight money days of the 1950s. I remind him that the latest and most disastrous of all the dangerous economic games that the government can play was embarked upon, not back in the 1950s but in 1969 when the government chose wilfully to go against the advice of all the economists that it paid to advise it on its so-called war against inflation. It chose to ignore advice that if it followed the course it intended to, not only would inflation not be halted but harmful high unemployment would follow.

● (1610)

Of course, the Economic Council of Canada, which was the source of that information, was right. The government chose to go ahead and do what its own in-house people told it to do and the country was plunged into the situation in which we find ourselves today. I suggest that if we are going to get out of that mess, as the hon. member for Skeena calls it, we will only do so by encouraging the entrepreneurs, who provide employment by means of small business, to expand; and they can only expand if they have a ready source of money.

I suggest to the Minister of Finance that he should make all Canadians aware of the fact that money is available not only for existing businesses but for new businesses, because we have to broaden the base. That is a very comprehensive provision in this bill. For the first time, a new business can get off the ground in part by borrowing money guaranteed by the federal government. But that is only if businesses know it is available, and a great many do not know that the present act is there. The responsibility for remedying that lack lies with the Department of Finance. I urge a full-scale public relations campaign to make sure that everybody in this country knows about the act. Every Canadian corresponds with his government at one time or another, and certainly the government is in communication with every manufacturer in this country with relation to income tax, health and welfare schemes and the like. There is no reason why in one of these many mailings full and complete information on this act should not be included.

The segment of the economy which is called medium and small business is important enough now, employing as it does nearly two-thirds of the work force, that it should not have to depend on the good graces of half a dozen different departments and 18 separate laws or programs to deal with its federal government. There are many programs beside this one of which medium and small business could avail itself, but they are not under the one

[Mr. Reilly.]

umbrella. I would suggest to the Prime Minister (Mr. Trudeau), if he thought the country's business was important enough to be here instead of flying off down south—

**An hon. Member:** That's a cheap shot.

**Mr. Reilly:** It is nothing of the kind. If it were a cheap shot, it would be only fair play. It is long past the time this segment of the economy ought to have had its own department, its own minister and all these programs under one umbrella.

Mr. Speaker, I think the limit of \$50,000 on loans is too low. If I were moving an amendment I would suggest to the minister that the limit be raised to at least \$100,000. There is no reason why it should not be. Again, it is the monster of inflation. To a firm that does perhaps three-quarters of a million dollars' worth of business in the course of a year, \$50,000 is, to paraphrase a former minister of the Liberal government, nothing more than a drop in the bucket when inflation is making everything ruinously costly. To new businesses and those who wish to expand, \$50,000 is not a very significant amount of money.

The cost of industrial land is rising steadily. This act provides, for the first time, that land may be included under the heading of a business improvement loan. Industrial land in metropolitan Toronto now costs almost \$100,000 an acre. The time is rapidly approaching when rental accommodation will cost as much as \$2 per square foot, according to real estate agents in that city. When you figure rental you have to take the land component as one-third of the cost and that will be up by 50 per cent by the middle of this summer. With land going for \$100,000 per acre, I suggest the top limit of \$50,000 on this type of loan is not high enough.

The pressure is on for all kinds of money from different sources. Statistics Canada reported a little while ago that a survey of selected lending institutions in this country showed that they had on their books \$13.8 billion outstanding to Canadian borrowers at the end of February. Chartered banks general loans went up \$370 million in one week alone, the week ending April 3, to a total outstanding on their books of \$31.01 billion. In a market like that, I suggest there is an even more palpable need for the medium and small businessman to have a readily available source of money, with a reasonable limit, at a reasonable rate of interest.

The minister said the other day that the volume under this act of the money loaned and the number of loans was increasing steadily and that this showed the good faith of the government and of the banks. The evidence is not, on its face, apparent to me. In 1961, the year in which the act came into effect, there were 2,977 loans, and in 1973 there were 3,076 loans. That is an increase of 99 loans over 13 years. That is really not much of an increase in volume, particularly in an economy which we are told, every time we dare talk about inflation on this side of the House, is booming. I do not believe that is evidence that anybody is terribly enthusiastic about this program or that the government has been pushing it. If anybody bears the responsibility for making this program not only available but known, it is the government which sponsors it.

In summary, Mr. Speaker, I do not have any difficulty in supporting the principles of the bill, but I am in favour of