

● (2150)

The Bank of Canada has decided to raise the bank rate, but not only for the little reasons given by the Minister of Finance. It has acknowledged that the Canadian bond market has to adjust to substantially higher interest rates, to allow the government to finance the spending program it is determined to put before the House and to finance with debt issues. These are the facts. The unfortunate victims of this lack of government planning and of the government's poor approach to economics are those whom this legislation is purported to assist, the farmers, fishermen and small businessmen.

I know nobody likes to interrupt a vacation, but I strongly urge that it is time for the man who calls himself Prime Minister of this country, and who feels that he should have the confidence of the House, to return to this House and see if in fact he has the confidence of the House and of the people of Canada.

Mr. Alexander: Where is he?

Mr. Turner (Ottawa-Carleton): Cheap shots.

Mr. Gordon Ritchie (Dauphin): Mr. Speaker, I welcome this opportunity to speak on the third reading stage of the small loans bill. The concept underlying this bill has been around since 1944. In this bill the government has not really brought forward any new approach. I suggest that an approach different from that first contemplated in 1944 is necessary. Legislation such as this was first enacted, as I say, in 1944, and has been updated over the years.

This bill will increase the ceilings for lending, in line with the inflation we are living with in our economy. I agree with the main thrust of the bill, but I think there are forces in our economy which are working grievously against the operation of small businesses, among which I would include unincorporated farms and fishing. This bill will do little to alleviate the disadvantages from which those businesses suffer. It will only act as a palliative and will not solve the real problem.

The real problem of a small businessman is the accumulation of the capital which is necessary if he is to function properly within the economy.

This bill will make it possible for him to acquire more capital. The state will guarantee the funds he may borrow from the bank, in order that he may compete and remain viable in the economy. The accumulation of capital with which to pay off these loans is becoming increasingly difficult because of our tax structure. As inflation expands, the tax bite put on an individual through the income tax increases the government's take.

The government's share of the income of the individual who is in business for himself expands steadily. Thus he finds it increasingly difficult to make ends meet. Furthermore, people find it difficult to accumulate the capital which is necessary to own a farm or small business. This bill will not help the underlying weakness in our economic system, which puts little emphasis on the accumulation of savings, savings which are necessary if someone is to own a farm or small business.

Adjournment Debate

People accumulate capital for various reasons. For instance, they may want to pass the money on as a legacy to their children and those who come after them.

Some, who through good fortune in this world have acquired wealth, want to pass it on to their families. This attitude, while important some years ago, no longer seems to be quite so prevalent. Of course for people of modest means there is little point in accumulating capital for their children, who are usually as well off or better off than their parents were. As well, the provincial estate tax takes large portions of estates, so that the incentive to pass on capital in the small business community is seriously diminished.

Sometimes part of a business or farm must be sold to meet the estate tax. In addition, the capital gains tax brought in by the present government will seriously limit one's ability to pass capital on to one's family. Actually, the capital gains tax and the estate tax represent severe deterrents to the accumulation of capital. As assets must be sold to pay the capital gains and estate taxes, one can see that we are really taxing inflated gains. To a large extent the capital gains tax contains a large element of inflation. This bill does nothing to help in that regard. May I call it ten o'clock, Mr. Speaker?

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BUSINESS OF THE HOUSE

Mr. Baker: Mr. Speaker, before we call it ten o'clock may I ask the Minister of Finance (Mr. Turner) if it is intended to carry on debating this bill tomorrow and, hopefully, to conclude it?

Mr. Turner (Ottawa-Carleton): Mr. Speaker, I think we are having such a stimulating debate on this bill that we ought to continue it tomorrow and, if the House should so decide, dispose of this legislation one way or another. We could then get on with the Canada Pension Plan amendments.

Mr. Knowles (Winnipeg North Centre): And after that?

PROCEEDINGS ON ADJOURNMENT MOTION

[*Translation*]

A motion to adjourn the House under Standing Order 40 deemed to have been moved.

NATIONAL REVENUE—REPORT THAT CERTAIN QUEBEC OIL COMPANIES DID NOT PAY FEDERAL INCOME TAX LAST YEAR

Mr. René Matte (Champlain): Last week, Mr. Speaker, I had the opportunity to ask a question. In my opinion, this question was extremely important and deserved an answer which, although incomplete, might have shed some light on the situation.