

*Loans Acts Amendments*

As far as I am concerned, I do not believe this at all. At present, the only thing which prevents more businessmen from expanding is a lack of material. It is due to the fact that the government, under the tax system, considers the manufacturer's inventory as a net profit and then he has to pay taxes on this inventory. If he is taxable at 25 per cent, he pays 25 per cent more than he should on his inventory.

Therefore, he does not keep any inventory. If you want to buy gyproc, metal or any other building material, they make a back order and say: We do not have it, we will deliver it to you within two, three, four or five months. Why? Because the government decides to impose a tax on manufacturers' inventories. If a manufacturer's income is taxable at 24 or 25 per cent, he must then pay 25 per cent of tax on his inventory. Therefore, he does not want any inventory. First he sells his product and then sends his invoices. There is nothing in his books, there is nothing for sale, there is no more inventory.

That is what the government says: We must stop inflation. On the contrary, when the manufacturer's inventories are not released, it results in a product shortage. Then, there is no more bargaining and people say: I'll buy it. There is no more cash discount and people buy the product whenever they need it. That is what is happening at present.

Through this bill, the government tolerates the increase in interest rates, and manages to get people who need money to borrow it even if it is more expensive. This will involve a rise in the cost of living. I wonder what the Minister of Finance is thinking about when he says: By increasing interest rates, we are stopping inflation.

I will recall that in 1968, the interest rate was 6 per cent and it has now gone up to 12 per cent. Of course the 6 per cent increase in the interest rate will be felt by anyone who needs food, machinery or other products. How could we control inflation? I suggest that this is a wrong reasoning, and I do not believe in it at all. With such an increase in interest rates, the rich are getting even richer, because they are lending money, and the poor are getting poorer because they borrow money at any rate. They need it and they make loans at 12, 13 or 14 per cent. They even borrow from finance companies at a rate of 28 per cent. They just don't care, they borrow money at the price at the going rates, they get poorer and the rich get richer. That is not the way we are going to stop inflation. We merely move money around; there is nothing to be done that way.

Mr. Speaker, I think the bill we are discussing has not been well thought out if one considers the timing of it, and I do not think it will do any good. This bill is useless and it is not introduced at the right moment because with current interest rates nobody will be able to benefit from it. I think those who pretend to make money with such interest rates will not be able to realize any benefit.

● (2030)

[*English*]

**Mr. Lincoln M. Alexander (Hamilton West):** Mr. Speaker, I thought I would place some remarks on the record because I am primarily interested in the small business man although I come from a major industrial city, the city of Hamilton.

**Mr. Whicher:** I thought it was STELCO.

**Mr. Alexander:** I hear my friend across the way is not going to run any more. He has made a fantastic contribution, so he thinks, to the process. He mentioned one of our major industries. Without the steel company this nation fails; without the steel company we would not have the type of community involvement that exists. I understand they are giving money not only for loans to students but to enhance the community and such things as that. So, when you mention the steel company, speak with a great deal of respect.

To get back to my point, Mr. Speaker, I am concerned about the matters in Bill C-14 relating to Farm Improvement Loans and Fisheries Improvement Loans. Many of my colleagues on this side of the House have taken positions of some merit and have struck home in terms of the needs of members of their communities.

In my humble estimation, Mr. Speaker, the small businessman is of some significance in our country. Unquestionably he is a major taxpayer, he is an employer, he is a community leader; yet keeping in mind that those facts cannot be disputed, he is continually ignored. This is a problem which all of us face and realize. He is not only ignored but is continually frustrated by such things as an inefficient post office, an unworkable unemployment insurance scheme and the higher premiums for it recently announced by the responsible minister. He is also concerned about the high job vacancy rate in this country whilst he is begging for help for his own manpower problems. He is concerned and frustrated because of the voluminous legislation with which he has to contend, and he does not know what is going on. I am talking about the small businessman now.

It is all right for the big corporations—they have their high priced accountants, and auditors, and lawyers and lobbyists.

**An hon. Member:** And lawyers!

**Mr. Alexander:** I said lawyers, and I am a member of that honourable profession myself. Big business is able to look after itself, but the small businessman sees all this legislation coming out daily, weekly, monthly.

First of all he does not understand it, and secondly cannot implement it. He is very concerned when he submits briefs or brings statements before the House or a member of parliament, particularly those who are temporarily in government, that they may end up in the wastepaper basket.

Another thing that bothers me is that the small businessman does not know what is the political ideology of the government.

**An hon. Member:** All things to all people.

**Mr. Alexander:** I hear my friend, the socialist say, "All things to all people", and I think he is right. I think that is what the government is attempting to do and it is bothering the small businessman. I think the policy of my friends on the left is to be all things to all people; what they want to do is look after people from conception to resurrection. This is NDP philosophy, whereas that of the