

Private Members' Business

Mr. Dennis J. Mills (Parliamentary Secretary to Minister of Industry, Lib.): Mr. Speaker, I was listening attentively to the member. I could not help but get frustrated when he kept referring to the small business men and women who failed as losers.

I would like to know how the member would propose that the banks, which administer this program, would choose who would get these small business loans in a way that there would be an absolutely perfect track record? What special insight or ability to judge entrepreneurship, what special formula does the member have that would allow him to never make a mistake on judging a small business person's ability to absolutely be—

The Deputy Speaker: The hon. member for St. Albert.

Mr. Williams: Mr. Speaker, again the hon. member really has not applied his mind to the subject matter at hand.

Bankers incur losses and bad debts every year, billions worth. Their customers have to pay that through lower interest rates on deposits and higher interest rates on loans and they are required to make a profit in the meantime.

Let us take two lenders. One is a prudent lender who can make solid investment decisions and the other is careless and reckless and invests money not nearly as wisely. The one who is prudent and careful and analyses the lending applications his or her losses will be less. He or she may still have losses but they will be less.

Mr. Mills (Broadview—Greenwood): How do you know?

Mr. Williams: Because one is prudent and more careful and analyses the applications. The losses will be less. The customers will pay the premium, passed on through the interest rates. The borrower will pay a higher rate. The money will flow into the government coffers.

• (1750)

On the other side there is the reckless lender who is not too careful about the application he approves. His losses skyrocket. It will not cost the reckless lender any more money because he is reimbursed from the fund the government has. Now we are separating the risk and the reward because the prudent lender who analyses the applications will have lower losses, hence higher profits, and the reckless lender will not suffer any consequence of his recklessness with lending because he will be reimbursed by the successful entrepreneur who borrowed at a different bank.

That is the whole point I am trying to make. We are just moving this money from the successful borrower through the lender into the government's pocket to subsidize and reimburse the lender who makes the bad decisions, who lends the money to the business that may fail. That is the point I am trying to make. It is fairly clear, it is fairly simple and I hope the hon. member realizes that.

Mr. Alex Shepherd (Durham, Lib.): Mr. Speaker, I will try this one more time. The member talks about its being a simple concept. Indeed it is a very simple concept.

In his hometown I am sure there must be an insurance broker who in his daily operations will have a provision for doubtful accounts. It is a fact in the course of doing business. That insurance broker will say: "It is a normal operation that I will lose 2 per cent to 3 per cent of my accounts receivable every year. If I were so perfect as to have a 0 per cent, I would be a very unusual business; I would be a business that did not take any risk". Small business is about taking a certain degree of risk.

Those bad debt losses within that business are shared and borne by all the other customers by definition. Therefore there is nothing strange or unusual about the government's orientation to this and I am really quite surprised the member does not understand it.

Have I made it any clearer for the member?

Mr. Williams: Mr. Speaker, I will try to be brief and lucid. He used the example of an insurance broker. If the broker has 2 per cent or 3 per cent of his debts go bad which he has to account for, that is fine and he builds it into his margin. However, the point I am trying to make is why should he have to build into his margin an amount of money which is channelled through the government to reimburse his competitor across the street who may be reckless and have a 10 per cent bad debt situation? That makes no sense.

[Translation]

The Deputy Speaker: It being 5.53 p.m., the House will now proceed to the consideration of Private Members' Business.

PRIVATE MEMBERS' BUSINESS

[English]

NATIONAL HORSE OF CANADA ACT

Mr. Ian Murray (Lanark—Carleton, Lib.) moved that Bill C-329, an act to provide for the recognition of the Canadian Horse as the national horse of Canada, be read the second time and referred to a committee.

He said: Mr. Speaker, I am very pleased to have my private member's Bill C-329 reach the floor of the House of Commons today. Unfortunately the bill has not been chosen as a votable item, however it certainly represents a part of our history which deserves to be celebrated.

The purpose of the bill is to bring appropriate recognition to the Canadian horse, the official designation of the breed. I believe it is a symbol of Canadian heritage. I believe we should take every opportunity to celebrate those aspects of our history which make Canada unique.