

*Small Businesses Loans Act*

creating an atmosphere in which the business and industry of Canada can repair the wounds they have suffered over the past few years. This Bill is a small step in that direction. It is not the answer, it is part of a much larger solution. The question is, will the Government respond, or will it shove its head in the sand as it has done so often in the past?

Mr. Speaker, every time I speak on a Friday afternoon I always say that it is exciting to be in the House of Commons at 25 minutes to four, with the gallery vibrating and the people applauding the great speech one is making; but this is a very serious matter. I hope that the Minister will take note of the comments that I have made. I am a firm believer in the small business sector. I believe it is the engine that will enable us to turn a lot of the things around in this country. I do not believe that this is an area that needs an awful lot of money thrown at it. I think it needs an atmosphere that the Minister and the Government can help create. I think, given the proper atmosphere, that business will respond; and when you look at the stability that the small business sector gives to the labour force, you begin to realize how vital it is that it becomes stimulated and activated again.

The major thing, Mr. Speaker, I say to the Minister, is the lack of operating funds and a competitive equity base for the small business sector. Given those two things, I am confident that small business will respond to it and will play a major part in the turn-around of our economy.

**Mr. Stan Schellenberger (Wetaskiwin):** Mr. Speaker, I am pleased to rise after the Hon. Member for Burlington (Mr. Kempling) who gave a great address on the Small Businesses Loans Act. This act has been in place for over 20 years now and it offers loan guarantees to small businesses which can meet various regulations that are put forward in the Act.

When we look at the statistics that have been put forward, we find there is a difficult problem in the country. We see that there are more and more bankruptcies and small businesses which are having difficulty meeting their payrolls. With the interest rates difficulties that we have just gone through, many businesses drew down a lot of the savings that they have been able to build up in the last number of years. That is still the sector that is capable of generating new jobs in the fastest way in our society. It is responsible for over 40 per cent of our business activity now and 25 per cent of our Gross National Product. It is the sector, as I said before, that is capable of quickly helping the over two million people who are unemployed or who have quit looking for a job, and is providing the opportunity for many of our young people to get into the work force.

When we talk about loan guarantees, we have to be a bit careful because, as I have watched this Government over the past two or three years, I find that more and more of those loan guarantees are going out in substantial amounts to one or two large companies who have found themselves in difficulty. We all recall the loan guarantees that have gone to Massey-Ferguson, to Chrysler, recently to Petrosar and Petromont, Maislin Trucking, and a very large one to Dome Petroleum. These loans have put a tremendous strain on the capital that is available in banks to other sectors, and I am afraid that

because of this kind of strain on the banking system and the amount of capital available many small businesses which could have found themselves capable of getting loan guarantees under this Act are not getting those guarantees.

With regard to the other statistic showing how much our banks have out in loans to other countries as well, as was pointed out in a recent *Time* magazine article, the western world has some \$706 billion out in loans to Third World countries and enterprises. Many of those countries are not capable of paying those loans back today, and they are in default of payment.

This does not bode well for small businesses. Many speakers previously have read letters from their constituents, and I could do the same. Businesses are having problems and are unable, despite all the Government programs, to get the kind of assistance that can get them through a brief period of difficulty.

In passing this Bill and putting in place an Act such as this, we should be providing an instrument specific to a small business or an individual. This obviously should allow Government to foster the policy of giving loans to those who truly need them. This points to the fact that the businesses that really require this type of assistance should be accurately identified in order to avoid missing a target that we put forward in this House of Commons and wasting the limited finances that we have, as a Government, to assist small businesses.

● (1540)

Yesterday we talked about the Small Business Development Bond and how we should monitor it. Yesterday I asked the Minister a question about it. He did not give a very satisfactory answer. I suspect the same will be true of this Act. It is being left entirely in the hands of the banks to make decisions on our behalf. Perhaps we can qualify that. Maybe that is the way we ought to do it. I would like to think that we would check from time to time to make sure that small-business persons going to those lending institutions to apply for a loan under the Act are not being turned away by some superfluous argument which they are not able to defend themselves against.

I have sat across the desk of a manager of a lending institution. I know how quickly they can state whether or not they will make a loan. It is very difficult to argue with them unless you study intensively the regulations they are using. Most small-businessmen applying for this type of loan are not familiar with the regulations under which they are applying. If the bank manager does not have the capital or is reluctant to lend money to that individual, he can easily pass him out the door.

I like to think when we have specific legislation such as this that we would target that incentive in the right direction. On the other hand, when speaking about the Small Business Development Bond yesterday, we pointed out that many of the banks and lending institutions use these instruments which are