

would allow Government to run away from an undertaking to guarantee loans.

We are in general sympathy with this amendment and are quite prepared to let the matter come to some formal conclusion. But I have two points to make. The Department of Fisheries itself saw the need to call in Peat Marwick to do a survey to find out who in the fishing industry was aware of the details of this program. Peat Marwick's report, which is not a formal report, has now been buried somewhere. That report criticizes the Government for not having publicized one of its own programs. Usually it is the other way around.

Perhaps I should commend the Government for not wasting money on an advertising program, but it should tell the people at whom the legislation is aimed and to whom benefits should flow now that the program is in place and can be utilized. It should tell them about the parameters of the program. The Government did not do that and Peat Marwick, its own consultants, said that it should. We on this side of the House look forward to some indication to Atlantic, Pacific and lake fishermen that in fact this type of a protection is available to them.

Mr. Ray Skelly (Comox-Powell River): Mr. Speaker, I am very pleased that I have been given an opportunity today to place some remarks on the record that concern a piece of legislation which is before us. With the permission of the Chair and the tolerance of the Members of the House, I would like to deal with some of the other factors that influence the application of the Fisheries Improvement Loans Act.

I believe that we all agree that this particular legislation is necessary and should go forward as quickly as possible, but certainly some dilemmas have been created in the past that relate to expansion of the fleet under the Fisheries Improvement Loans Act with the encouragement of the Government of Canada. I refer to the problem of overcapitalization of the fleet on the West Coast. That fleet has been built up to a point where fishermen, in order to build bigger and faster vessels to catch more fish, had been encouraged to do so by the Government of Canada. It is interesting to note that a number of Government programs have forced fishermen into bigger and faster vessels, but they are catching fewer and fewer fish. This has caused a tremendous problem for fishermen and has caused tremendous dislocations in the communities that depend upon them.

Historically, it was the Davis plan, I think, that first began to create tremendous problems for the fishing industry in British Columbia with its terrible lack of control over license limitations. Another factor was the complete failure of the Government to follow the recommended advice of its own people. The Davis plan ultimately led fishermen to attempt to enhance their vessels through borrowing. The Fisheries Improvement Loans Act was certainly one of the access mechanisms for this. The willingness on the part of banks to lend money during the heyday of the herring season and the time of high priced salmon when the Japanese were becoming involved led fishermen to borrow enormous sums of money to build larger and larger vessels. When the economic cycle

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began to turn downward, fishermen ultimately found themselves in an absolutely terrible position. As with so many other economic sectors, whether they be small business or farming, fishermen were implicitly encouraged by the Government to borrow money for bigger and faster vessels. The management plans were directed to encouraging them to do that. When things turned around, fishermen found themselves with enormous debts on vessels but they were not permitted to catch sufficient fish to pay them off. At that point interest rates took off and fishermen found that they could not meet them.

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In addition, the Government of Canada imposed further costs on the fishing industry through fuel costs which rose substantially. Today an average fisherman working off the West Coast claims that if he cannot make \$500 per day, he cannot meet his basic costs. When the economy turned around, the cost of fishing rose enormously but the availability and the price of fish dropped.

The role of the banks was mentioned by Members on both sides of the House today. I should like to go over some things that have happened in my area, and I am sure they have also happened in the areas represented by the two Hon. Members who spoke earlier. The banks played a very interesting role here. Due to high interest rates promoted by the Government, high energy costs promoted by the Government, and the need, because of management plans, to use overcapitalized vessels, the banks freely lent fishermen the money they needed. Then they increased the interest rates. When a fisherman could no longer meet the payments, according to many cases that are documented on my file, the bank threatened to seize the vessel. The fisherman replied that he did not make any money last year and could not even pay the interest rate on the vessel. Then the bank said that it would seize the vessel so that the fisherman could not go out and fish. The bank realized that it could not sell it because no other fisherman could pay the price. It would tell the fisherman that it was prepared to let him keep it if he would get a co-signer—his parents or friends, or family. Some fishermen were able to find a co-signer but others were not. As soon as he found a co-signer, then the bank snatched the boat. It did not matter to the bank how much money it received from it as long as it got its pound of flesh. If a fisheries improvement loan was involved, that paid off the other pound of flesh. The fisherman and the co-signer were hooked and so was the taxpayer, but the bank came out of the deal smelling like a rose. If there was not a co-signer, the bank would threaten to take the boat and deprive the fisherman of his means of making a living unless he was willing to sign his house over as security. At that particular time the price of fishing vessels and the price of houses were depressed. If the bank seized either it was not likely it would get its money back so in some cases it went after both. When the fisherman was on the hook—and some banks managed to get co-signers, the houses and the vessels—then the bank moved in. I have never seen anything so unscrupulous in my life, Mr. Speaker.

Let me give another example that happened in the community of Sointula with the Royal Bank of Canada, proud