

Small Businesses Loans Act

Government, has been a money-making machine for the banks of Canada. The previous Government allowed up to \$100,000 to lent to anyone who was starting a business and guaranteed that the bank would get paid. It did not matter if it was the goofiest idea in the world or if there had been any past experience or confidence in the business, the lending institution received a 100 per cent guarantee from the Government. We can imagine what the banks must think of us as legislators. I sometimes feel that we give a lot to the banks, but I suspect that if they were to pick a target, they would say that this is an unbelievable piece of legislation because the Government guarantees 100 per cent of any loan which is written under the Act. Obviously, it is something which had to be changed. Bringing the guarantee down to 90 per cent may be the proper route, but it could also be brought down to 80 per cent or 70 per cent. The banks must be assured that the Government is paying attention to a particular small business and that it will be making some effort to encourage and advise that small business on financial matters, but, with a 100 per cent guarantee, it does not matter if the business fails because the banks will get back the money.

Another aspect of the Bill which concerns me is the imposition of the user fee of 1 per cent which we are asking banks to pay. I am not suggesting that we should not ask the banks to pay that 1 per cent. The Canadian Federation of Independent Business and the Canadian Organization of Small Business have both said that the banks should not be asked to pay that. They feel it is unfair. If it is not enticing for the banks to assist small business, the banks will not do so. That is what those organizations are saying.

I think it is time that Parliament sent a very clear message to the banks of Canada telling them that they have a responsibility as privileged financial institutions which are operating under the Bank Act. Our banking system is such that five large banks control 90 per cent of the banking in the country. I would not say that it is a cartel, but it is close to that. We should be telling the Royal Bank of Canada and the Canadian Bank of Commerce, and so on, that we expect them to set aside a portion of their loan money for the small business sector. I think it is time that we as a Parliament said to the banks and trust companies that we expect them to assist that growing small business sector. This is where the jobs are going to be created and this is where we should expect them to co-operate. Other countries do that, Mr. Speaker. Other countries tell their banks that they must set aside money at an 8 per cent guaranteed interest rate for assistance to family businesses over a 25-year period, and they must do that for family homes as well and in some cases for small family farms. And the banks do it, Mr. Speaker, and they still do very well. It is time that Canadians started to make some of these same kinds of demands on our chartered banks.

● (1610)

West Germany, for example, Mr. Speaker, in order to assist its small businesses which are just starting out but are viable, provides for the first few years a subsidy of between 6 per cent and 15 per cent of the total investment. It gives an outright

subsidy for the first few years in order to allow the small businesses to get their operations underway. In New Zealand, the Government provides interest-free loans for each business for every job which is created. If a business creates 15 jobs or 35 jobs, it receives interest-free money to reflect that. In Ireland, low interest financing is available. In Denmark, cash grants of up to 25 per cent of the initial startup cost is available, plus 15-year fixed interest loans. Japan puts out a book two inches thick listing all the ways in which it assists small businesses. Japan assists small businesses by having an interest rate set at 5 per cent. Japan, one of the countries in the world which is most tied in to the international money market, says, "We can have a 5 per cent interest rate because that is what is going to stimulate our economy and that is what is going to motivate those people who saved to invest their capital in the small business sector and elsewhere". It is time that we started to lower interest rates in order to assist the small business sector. It is time that we altered the Bank Act to make it very clear to the banks that we expect them to assist the small business sector in a direct way by fixed low interest small business loans. It is time that this Government introduced by buy-Canada policy so that when government supply and services are being sourced in this country, they are being sourced from Canadian suppliers first. I am suggesting that we have to be competitive in terms of pricing but we must, as our first priority, assist our own businesses.

I would also like to make the point that this should be developed equally across Canada. When we look at where government sourcing takes place today, we find that the overwhelming sourcing takes place in central Canada. Ten per cent of supply and services is sourced in western Canada. That is a disgrace, Mr. Speaker. Less than 10 per cent is sourced from Atlantic Canada. Those are the two parts of Canada where we need to do everything possible in order to get their small businesses back on track. Government sourcing from those two areas would certainly be an appropriate step and one which the Government could introduce almost immediately.

We must look at a variety of ways to assist the small business sector. Something that we could do is to provide some seed money, some small financing to those business groups which are working together in an effort to combine their creative and manufacturing talents and their efforts in terms of seeking out new markets and developing new products. I refer as an example to a group in my own community, the Thompson-Nicola Manufacturing Association, a group of manufacturers which came together as an association to find out, by combining their efforts, talents and the equipment available, how much more could be produced and how many more markets they could access. It is that kind of co-operation, Mr. Speaker, that deserves assistance.

The Acting Speaker (Mr. Paproski): I regret, but the Hon. Member's time has expired.