I would say again that this is in an average, ordinary, working class part of Vancouver, and we are talking about a three bedroom house for $185,000. He went on to say:

It is impossible for a person to build a house these days.

The culprit, of course, is the high interest rates.

Next, an accountant who helps many small businessmen and women, said:

The banks are quick to push programs that they can gain from with no concern that it exploits small business. For example, the Bank of Nova Scotia recently put out a fact sheet on "small business development bonds." These bonds offered at 9 or 10 per cent are tax free to banks, but the person borrowing them must pay high legal fees and other costs. The small businessman cannot include these as tax deductible expenses while the bank gets all the advantages. Who is the winner in this kind of deal? Ask them, who is the winner?

That is a good question. Next, a wholesale businesswoman said the following. It was difficult to find women in business because, as you know, Mr. Speaker, women in business find it very difficult to get credit, just as they find it very difficult to get a mortgage, no matter what their potential credit rating is. This woman said:

Small businesses that I deal with have to go into hock to start up and have debts and mortgages held by a bank. The banks cover all the risk when they give loans by requiring a personal guarantee. They are well covered and can claim a person's home if the business goes broke.

On the other hand, a supplier such as us—

This woman happens to be a supplier of arts and crafts materials to businesses.

—assumes all the risks and often must refuse some orders if the business seems a poor risk for credit. There are no guarantees the supplier will get paid when businesses go bankrupt.

I think the banks should assist small businesses with advice and realistic planning. Their services are mostly for big investors.

Here we hear it again. She went on to say:

Since they make sure they are fully protected and control all the customers' assets, the banks should provide a letter of credit that can be used with suppliers to guarantee they will be paid. As it is now, the supplier, who is also a small business person, takes the brunt of the bankruptcy. Bankers don't give small business any service at all. They take our money but don't give service.

I have heard this repeatedly.

Staff are underpaid and there are not enough hired. Banks should provide advice and help for small businesses along with financial services.

Finally, a small manufacturer and importer, who is trying to help a number of low-income women who are mainly on welfare and trying to raise children on their own to develop a kind of co-operative business, said:

Chartered banks favour huge corporations. They lend to big businesses who have lots of assets and not to small businesses that could employ local people in manufacturing small items. For example—

This is just a small example.

—nail brushes are imported from Roumania. Only a $3,000 loan is needed to manufacture them locally and employ two or three people. Yet this is not available because banks pay no attention to small businesses.

The Federal Business Development Bank also is of little help. There is considerable potential for handicapped persons and persons now on welfare, many of them single mothers, to work at home on marketable items for sale through a co-operative organization. Initial loans for an investment in supplies and equipment are essential along with the hiring of a trainer and business promoter to develop market-oriented saleable items.

These loans are essential not just for crafts for charity which people buy because they feel sorry for handicapped people, but for sophisticated, market-oriented saleable items. But this fellow has tried and there was no way he could get help from the bank for this kind of thing. Finally, he said:

The Bank Act should include a section that requires banks to have a compulsory allocation of funds for low interest loans to small businesses.

Of course, he did not know about this amendment when he told me this. He went on to say:

Small businesses that can become secure and plan ahead become one of the best employers of local people. They can train and hire unemployed workers, but only if they can survive. The present high interest rates make this very difficult.

I do not need to add any more comments on the need for an interest loan program through the banks which would provide a reasonable rate of interest for credible small businesses, which of course would be investigated and would be found to be a good investment.

The second point I wish to raise has to do with paragraph (d) on economic development. This amendment proposes that the minister should have the power to lend reserves at a feasible rate of interest for what is called economic development. I should like to speak on the basis of the many years of experience which I have had in community development, having seen what has happened to a number of people who have been affected by government sponsored programs, such as LIP and Canada Works, and now the community development projects.

● (1630)

Over the past ten years citizen organizations have organized and developed a variety of very interesting and innovative experiments in self-help at the community level. In a limited way, these LIP and Canada Works projects encourage the initiation of new development by community people. This happens especially in poverty areas—in the inner cities, on Indian reserves, and I am sure in smaller communities throughout Canada. In the days when more money was available, this was an appreciable amount of employment. It was not at the rates we would have liked, nor continuous employment.

In my community—and I am sure this is typical of others—starts were made on more flexible child care services so that mothers could go to work and some people could train in child care. Food co-operatives were developed; public housing projects, home making services, home repairs and sheltered workshops were developed to make items for limited sale. As I said, the salaries were very minimal, sometimes less than unemployment insurance. It allowed projects to get started with a very small amount of overhead, often sponsored by parent organizations.

However, few community services could be developed which involved fund raising. This was a "no-no". They could not compete with the marketplace, so even though income might have been brought in during the initial period and put into a fund to maintain the ongoing service, this was really not allowed under the terms of reference. Many non-profit socie-