

Government Orders

I heard some comments from the other side of the House. I am sure they were not too complimentary on our position but I hope my remarks will cause them to think about the spirit of the bill. I would love to talk to them afterward and find out how they can see the logic and benefits in here.

• (1740)

These are the points I would like to make on this bill. I do not think that when it gets into committee and we hear witnesses—the banks that are going to be paying the fee to the government—that they will be complimentary. Some small businesses that use the program will be sceptical about why they should pay the premiums. Therefore, I hope the government will give some serious thought to redrafting the amendments to recognize that small business wants to provide the motivation.

I agree with the idea that the government should be involved in creating an environment for small business to create jobs. That is great. But the underlying philosophy here is that the government wants to be seen doing that but with the small businessman's money. On that point, I totally and absolutely disagree.

Mr. Alex Shepherd (Durham, Lib.): Mr. Speaker, I was somewhat astounded by the discussion of the member for St. Albert about the aspect of guarantees somehow being circulatory moneys that small business has to pay in order to support these loans.

Most of us understand the concept of bad debts. I understand the member is an accountant. We all understand that small businesses have accounts receivable and usually make provision for bad debt losses. Indeed, bad debt losses under the Small Business Loans Act have been very small. I think they average out at about 2 per cent.

The member does not seem to understand that in order for the government to protect itself from bad debt losses it needs to find a method to recover a certain amount of cash flow from successful loans. This is no different from any other normal business operation. These are the things I thought the Reform Party would applaud the government for because it is taking a business approach to lending.

The member does not seem to be able to understand the whole concept. It seems to elude him that somehow we are taking money from one pot and putting it into another at the behest of small business operators. Quite frankly, it is normal business practice and something for which the government should be applauded.

The member talked about creating jobs. This program has been around for a considerable length of time. We are now fine tuning it, allowing it to expand. The jobs the member talks about being created by the small business environment, in fact, were assisted by this program. Some of the great jobs he spoke about

which have increased over the last number of years have been as a result of the small business loans program.

The member also talked about infrastructure spending and how it is a terrible waste of government money. If we look at the public assets and the whole concept of why there is public administration in the country, it is to build certain public assets that for whatever reason businesses did not want to build, such as airports, roads, sewer systems, et cetera. The member does not seem to understand that is still a commitment of government in most places in the country and it does create jobs.

I would like to ask the member whether he understands fully the concept of guarantees and of making provision for guarantees?

Mr. Williams: Mr. Speaker, I will be glad to respond to the member who I understand is also an accountant.

The point I am trying to make is that the small business community is being provided this guarantee courtesy of themselves. It will have to pay for the guarantee. The successful entrepreneur will pay higher interest rates to the bank, which will in turn pay a fee back to the federal government, which will use the pot of money collected to reimburse the lenders for the bad decisions they make or for the loans that go sour and the small businessman who does not make it. The successful businessman will pay a premium to underwrite the bad debts incurred by the lenders.

• (1745)

This will no longer be an underwriting by the federal government. It states "loans program to full cost recovery". Therefore there will be no underwriting except a great paper war by the federal government. That is the point to which I am trying to object. There is no guarantee by the federal government. It is only a guarantee to be paid by the guy who wins to pay the guy who loses.

I know that up until now the federal government has picked up the tab for the losers who have not paid back their loans, and the winners have gone on to create jobs and build this economy. Now they will be asked to do that with another chain around their legs as they try to climb up above high taxes, high interest rates which will be even higher now because they now have to pay the federal government, the high Canadian dollar and so on. How can we expect them to compete? That is the idiocy of this bill.

Getting to the member's other point on infrastructure, of course taxes pay for infrastructure. Of course we need infrastructure. However, the promise at the last election was jobs, jobs, jobs through the infrastructure program. The President of the Treasury Board said: "Six billion dollars netted us 8,000 permanent jobs". That, by simple math, is \$750,000 per job, which is far more expensive than any job costs in the private sector.