

*Government Orders*

• (1605)

With all of the downsizing going on in both large businesses and governments right now, we have many people who are starting a business for the very first time. In order to really achieve success they are going to need help from financial institutions in this country. I believe that banks are going to have to change their attitudes dramatically for start-ups.

I wonder if the member for Durham, who is also an accomplished accountant in his field, could comment on that.

**Mr. Shepherd:** Mr. Speaker, I would like to thank the member for Broadview—Greenwood. I have always been interested in what he says. We do not always agree 100 per cent of the time, but basically our orientations are in the right area, which is to increase capital for small and medium size businesses.

The member is absolutely right. Banks in this country have forgotten just what they were doing. Banks originally started off many centuries ago investing in ideas. They invested in people's grey matter. They invested in their ideas about making life better and increasing people's standards of living. I have noticed that banks now invest in financial transactions. Our banks in North America are very oriented toward paper currency transactions. Indeed, I think if we were to study the balance sheets of most of our banks we would see a high percentage of their assets being held in government securities, et cetera. This has become a linkage in the global environment.

The reality is that these debts and financial instruments do not do anything. They do not create any more jobs. They do not create or take a piece of technological science and turn it into something useful.

What do we see in North America? We see people like Bill Gates, who had to work out of his garage to get his ideas going. People have to go and find others who will give \$50 to buy so many shares and maybe later on some of that will come back. The banks say that sounds pretty wild.

I have a specific example of this in my own riding. I had the pleasure only last week of congratulating an entrepreneur for winning the Canadian woman entrepreneur of the year award in the area of export. This woman many years ago was my client. She was making strips of fur and putting them on strings. I must admit that even to me it sounded ridiculous at the time. What she did with that was to create a reversible fur coat. I went to various banks for her, and they said: "What are you going to give us as security, strips of fur? Get out of here." Do you know who finally picked up this account? It was a bank from England, not a Canadian bank.

That woman today employs hundreds of people. It is a small business in my riding that has given jobs in basically a rural area. Her product is shipped all over the world, mainly to Japan and Southeast Asia. She is creating jobs and hard currency exchange for our government and our country without the support of banks.

Yes, the member is absolutely right. This whole attitude in our banking system has to change. We have to get on board and support our small and medium business sector.

**Mr. John Williams (St. Albert, Ref.):** Mr. Speaker, I have one simple question I have asked of other members. It is on the full cost recovery being put forward by this particular legislation.

The hon. member for Broadview—Greenwood talked about the fact that small businesses needed the impetus available under the Small Business Loans Act. But here they are being asked to pay for something they think they are getting from the government. Small business people who borrow under the Small Business Loans Act are being asked to pay for absolutely everything, every benefit that is being provided under the Small Business Loans Act, which seems to me a big circle of laundering the money through the government. I would like the member's response as to what benefit this will really provide to people who are borrowing under the Small Business Loans Act.

• (1610)

**Mr. Shepherd:** Mr. Speaker, the member for St. Albert keeps going over this. Repetition is a great educator, so hopefully he will listen a little bit more this time.

First of all, there is nothing terribly unusual. This program has been set up in the best interests of small and medium size businesses.

Let us look at the other side of it. What will we do if in fact the government did not try to recover this bad debt loss? What does it mean? Does it mean that we do not have a program, period? We know it has been very successful. We know that using this system has assisted many and has probably created thousands and thousands of jobs in Canada.

Maybe the member wants the government to fork out \$100 million a year in loan losses. Is it the responsibility of Reform Party members to tell the Government of Canada to cut spending, get its act together, and if it wants to give away \$100 million on loan losses that is fine by them?

There is nothing unusual about cost recovery programs. They happen in the business world every day. Here we have the government acting like a business, creating opportunities for small business but at no cost to the taxpayer.