there. Many of the urban members have not seen the very serious lack of decent housing in those communities.

● (1600)

Because of the structure of the Indian Act, we do not have the opportunity to provide native communities with conventional mortgages. This legislation should recognize the need for chartered banks which are tremendous mobilizers of capital. Whether through special institutions or by other means, native communities should have the right of access to the chartered banks, which are the major mobilizers of capital in our society; they should be able to approach those institutions for funds in order to build housing for instance. They cannot do that under the present circumstances. Instead, they are dependent upon federal government handouts. They are dependent on the charity of the federal government which designates how many new housing units may go into a community in any year. The need will never be met.

The needs of those who do not have steady employment may be met by government allocations, but a method should be developed whereby those people who have employment may approach the chartered banks for loans. This could lead to expansion of the amount of housing that is available within native communities.

At present there are very serious problems in the area of native economic development. My colleague, the hon. member for Cowichan-Malahat-The Islands (Mr. Manly), has dealt with the problem of access to adequate capital. The Bank Act is a reasonable place for provision of this responsibility, Mr. Speaker.

I see the minister shaking his head. I do not believe he accepts the proposition that the banks do not have some obligation to society. It may be difficult to place these provisions in the legislation, but the needs do exist in society. The chartered banks exist by virtue of charters and letters patent issued by this House. There are serious problems, of course, but I believe that a whole range of Canadians should have access to the capital that is mobilized by these institutions. It is unfortunate that the Bank Act does not contain provisions to help native communities establish economic enterprises and build a greater number of housing units to meet the needs of their people.

I shall conclude with those remarks, Mr. Speaker, and leave my colleagues to develop some of the other issues.

Mr. Jim Fulton (Skeena): Mr. Speaker, I am pleased to have the opportunity to speak on this matter again today. I must say, following on the remarks of the hon. member for Comox-Powell River (Mr. Skelly) that our friends to the right and those across the floor seem to be mesmerized by the Bank Act. It is as if the overwhelming desire of both the Liberals and the Tories is to make sure that everything in this act is good for the banks. I believe there are other segments of society that should be treated fairly under the provisions of this act, however. My hon. friend made some points with regard to native housing, and this is an area which I feel strongly about as well. The minister should give very serious consideration to this to make sure that capital is mobilized in order to provide decent native housing.

I should like to direct the majority of my remarks today to the problems facing the small business sector. I believe this has been overlooked in the Bank Act. We all appreciate that venture capital is the key to the survival of the small business sector which is facing some very serious problems. This is necessary in order to provide new plants, new techniques, warehousing, distribution facilities, new retail and wholesale outlets.

Inventory is one of the key problems in the small business sector. The cost of carrying any commodity at all can amount to 16 per cent, 18 per cent, or 20 per cent or more per annum. Things are very different in the small business sector today than they were 15 or 20 years ago when, as a business became more successful, it was able to carry more inventory. In turn, this increased the number of customers likely to patronize it because of the variety of goods offered. Such is no longer the case. With increased interest rates and carrying charges, the cost of goods per unit is increased and, as a result, most small businesses have to limit their lines of goods.

In this situation, as capital becomes more difficult to find and as the line of goods offered is more limited, the large multinational companies move in and take over what would ordinarily be a lucrative small or medium-sized business. These companies have greater access to capital than do the small businesses.

I would urge all hon. members to consider carefully the proposal contained in the amendment that banks should make capital available directly to small business. High interest rates are a serious burden and the added restrictions put on available capital are creating problems for the small business sector.

This amendment would make money available through legislation. There is already a proliferation of high interest rates on private mortgages and loans. Any newspaper in almost any area of the country has advertisements in the classified columns which offer money at excessively high rates. A growing number of small businesses are forced to secure their funds in this way in order to survive.

In the first part of this year the monthly rate of small business bankruptcies increased 24.8 per cent over last year. The government has been vague on what it intends to do about this. There has been a short extension of the time that bonds will be available, but that does not really affect the problems facing the small business sector. Despite the fact that members to my right and across the floor claim to be the great, wise purveyors of small business, they rarely speak in this House on the subject.

Businesses with assets of less than $1 million comprise 90 per cent of the businesses in Canada and employ about half the work force. While these small businesses decline, large corporations and multinationals have continued to reap soaring profits. They are able to maintain their spot in the market-