

parts of this country where banks today are very leery or hesitant about giving loans to businesses just starting up or businesses which are expanding, if the businessman does not have a lot of money himself. It is fairly easy to get money if you have money. If you are worth a lot of money, you can get money. That is the way our system operates. If you have a lot of collateral such as land, or if you have a lot of money in savings or investments, you can get all the money you want to expand an existing business or create a new one. That is the way our system works.

However, the Small Businesses Loans Act is there not for those who have lots of money; it is not for the millionaires of this country, it is for people who want to open up businesses or expand them and just do not have the collateral to do it. That is why this legislation was brought in in the first place. That is why it was adopted by the Government. There was a need to assist current and potential business people to establish or expand a business. It provided a Government guarantee on a loan. If that was accepted by the bank, then the person would get the loan.

Let us not forget that that person still had to take money out of his own pocket. He still had to put up 20 per cent, 15 per cent or 10 per cent. We are talking about someone who is trying to start a business and has saved for years and years and years until he finally got the money he needed which, together with the Government loan guarantee, would put him in business. He put all his life savings into that business. The Government guarantee would go hand in hand to enable that man to get a loan in order to start a business or expand a small business.

● (1130)

That is the way it was intended, Mr. Speaker. That is the way it is on the books today. This Bill will change the system somewhat. The bank will now hesitate in issuing the loan because there are now three players in on the act. In the past the small-businessman or potential small businessman had to put his cash on the line. Then the bank had to put its money on the line, but that was guaranteed by the federal Government. Now, under this Bill, the person will still have to put up the cash as a start. The Government will guarantee 85 per cent of what is left, and 15 per cent is held in limbo. Knowing the banks, Mr. Speaker, they will ensure that they are covered. In other words, a person will have to give a personal guarantee on everything down to the kitchen sink in order to get the loan.

If you examine the record of lending institutions in this country, you will discover that banks and lending institutions are hesitant to give loans in certain parts of the country, most of which are rural areas. In Newfoundland banks have traditionally and historically, for the past 20 years, been hesitant to give a loan to a small businessman or potential small businessman. This is the importance of the FBDB, the bank of last resort in a province like Newfoundland. It is absolutely necessary to the system. Many Members in the Chamber may say that FBDB is of no use at all in Canada. It is of use in a place

like Newfoundland where banks historically are hesitant to give loans.

This new Bill will make the banks even more hesitant because of that shady gray area of 15 per cent that is now left in the middle. That is actually discouraging investments by banks in potential small businesses and existing small businesses which wish to expand in Atlantic Canada, particularly in Newfoundland. It is a step backward.

There is one thing that should be noted from all of this, which I am sure other Members have noted. The two organizations which claim to represent all small business in Canada are in agreement with this legislation. Mr. Bulloch is in agreement with the legislation. Those organizations claim to have conducted a survey in every province of this country. They say that small businesses agree with the legislation, with the differentials, with cutting back as far as the federal Government guarantee is concerned, and with imposing some sort of fee on the banks. The NDP is even in agreement with that. The NDP stated in this Chamber and publicly in committee that it wanted that fee imposed on the banks. The NDP is in agreement with the organizations representing small business in this country.

For the life of me, Mr. Speaker, I cannot understand why the NDP or the organizations representing small business would be in agreement with placing a fee on a lender to enable that lender to take advantage of a federal Government guarantee. The lender will pass that onus onto the person getting the loan. No one can deny that. Have you ever seen banks, especially in Atlantic Canada, making an intentional give-away?

At one time a small businessman was able to go 90 days with an overdraft on his account. Then there was a cartel agreement between the banks which allowed only 60 days, and then it got down to 30 days. By their very nature banks do not want to give money away. I believe this legislation is a step backward. But then again, how can anyone disagree with all of the business organizations representing small businessmen in Canada? They are in agreement with this legislation. In order to condemn the legislation one would have to say that the organizations representing small business in the country are wrong. You would have to say that the NDP, the Government and the Minister are wrong.

The point is, Mr. Speaker, that I think they are all wrong. That is the bottom line. They are all wrong because this Bill has a built-in discrimination against small business people and potential small business people in the high unemployment areas of Canada. When legislation discriminates against that particular segment of our population it should be frowned upon and should not be supported by the organizations that represent small business in this country. However, I suppose we will have to bow to the wishes of the associations which represent small business in this country and say that perhaps they know more than we do about the reaction of small business and the banks to the underdeveloped areas in the country.