

*Bank Act*

The next item is the cutback in unemployment insurance. Northern Vancouver Island and the coast of British Columbia have a cyclical economy. During the fire season, loggers are laid off. During the winter, with the snow they are also laid off. Fishermen have a poor season. In many Indian communities where the unemployment rate rises 75 per cent to 90 per cent, they normally would work a season in the cannery or for a short period of time in the industry when it was open. They would have unemployment insurance to fall back on in the winter. This unemployment insurance would find its way back into this man's shop. Yet the government, through some very foxy manoeuvres, managed to neglect the needs of the people in this whole area by cutting back on unemployment insurance eligibility. This means there is no income, income that normally would have gone into his business.

Now we have high interest rates, poor fisheries management, unemployment insurance legislation, and dramatic increases in fuel prices which reflect directly on transportation. These are the high costs that are being reflected in this individual's business. In the final analysis, there is a tremendous increase in the cost of goods. When I go shopping here and I look at the same products that are sold in the stores, there is no comparison. The difference is tremendous.

When the interest rates went up to 19 per cent, they could not fix a price. Every day suppliers would receive a price increase in the mail. When the interest rates went back down, the prices did not decline. They have continued to rise. The government policy is bearing very hard on small businessmen. The hon. member for Mississauga South might pay attention. It is very important. His support for this might lend itself to having the government improve the situation.

Small business is being harmed very seriously. This legislation is accelerating that kind of harm. We would like to see a serious move by the government to make this legislation more responsive to the needs of people. It is directly responsive to the needs of banks and the banking industry. We would like to see some kind of improvement for small businessmen.

I would like to summarize the benefits of this man's business. It is only one business of dozens and dozens in this region. Therefore, when we talk about the benefits, we can multiply them by a hundred. This individual buys goods in the community. Any income he earns remains in that community. The business is very small. He hires five people. Five jobs have been created.

A lot of the employment along the coast of British Columbia and along Vancouver Island is in single industry towns. There is one big employer. A number of people in the community work for that industry. I am talking about the paper industry, some sawmilling, fish processing plants and mining enterprises. The mines are eventually mined out and the town shuts down. Processors find it easier to centralize processing industries, whether it is logs or fish in Vancouver or Prince Rupert, moving those enterprises out of the central coast.

In a lot of the other ones, through the process of automation we have lost a tremendous number of jobs. The mills are more productive today, but the actual labour input is reduced. We

have a situation where the only other employer is small business. They hire mainly men. Generally women and young people have no opportunities in those communities except their opportunities through small businesses.

The majority of apprentices, whether they are welders, automobile mechanics, pipefitters and so on, are hired by small business, not by the major enterprises which get all the breaks, tax concessions, and grants for improvements. Most of the employment occurs there, as does most of the industrial training. They target a group of people who need help more than any others; the young people, women and those in the native community. There must be put into this legislation something to improve benefits for small business.

I will summarize by pointing out where this individual obtains financing. It is all from the bank. It is a line of credit that can only expand as much as his accounts receivable. At this point in time his accounts receivable seem to be a little slower as people do not have the money they anticipated, those who buy parts and equipment for fishing boats. The income is not there, so the accounts receivable are not met. The bank is now lending that money at a very high rate of interest. They expect it to go as high as it did last year, 19 per cent, which is enormous.

The bank loaned him money in order to buy and expand the business by way of a mortgage on real property, his home, his parent's home and his business. Therefore the proposition put forward by the hon. member for Edmonton West that the banks should curtail their activity in lending on real property mortgages is absolutely ludicrous. This business could not continue to exist. In fact it would never have come into operation. The five jobs would not be here, along with a very real service.

That is another source of money. When he has to extend his financing or stock, and his line of credit will not handle it, because the accounts receivable are fixed, he has to go back to that mortgage procedure and borrow more money. In the final analysis he can borrow money at a lower rate than the bank generally produces it on the line of credit approach. The banks have a very strong hold through the debenture and mortgage on real property and through the line of credit system.

In the legislation now before us, we do not find a responsibility to small business. The legislation should be more sensitive and have a greater ability to meet the needs of small business which provide a tremendous service in our communities.

There is one other area which concerns me. I know some of my colleagues will want to speak to this particular element. I refer to the question of native housing. In this amendment we state that we would like to see money set aside from the lending portfolio to deal with housing, particularly native housing, and we would like to see interest rates handled that way also.

There are many people here who probably have not had the opportunity to travel to native communities. They have not had the opportunity of seeing the housing problems that exist