

Small Businesses Loans Act

suggest they have some relationship to the bill because individuals and lending institutions must consider what inflation might do to some businesses and also be concerned with what government action to cure inflation might do to particular businesses. Again, there is a pall of uncertainty. Perhaps in his reply the minister might deal with these items and give us some assurance that these matters will be considered.

Mr. John Lundrigan (Gander-Twillingate): I do not know if my voice will last long enough to put on the record the observations I wish to make. I would have liked my vocal condition to have been better so that I would have been able to speak longer and express some feelings about this particular amendment and about the act generally.

I notice there are three points in Bill No. C-9. One is to extend the term of the legislation; two, to set loan limits and, three, to increase the guarantee to lending institutions which will mean that small institutions will be able to get involved in lending to small businesses without the same risk they previously had to face. In this respect, this amendment to Bill C-9 is encouraging and, of course, has my support.

I agree with one point raised by the hon. member for Battleford-Kindersley (Mr. Thomson), and I wish to offer evidence in support of that particular argument. I ask Your Honour's permission to digress from consideration of this bill for a moment. Several pieces of legislation similar to Bill C-9 have been passed. One of these is the Fisheries Improvement Loans Act. I will use this example in order to make a point respecting people who wish to obtain loans under these acts.

Since the Fisheries Improvement Loans Act was passed last year, I think there have been only two loans made in my Province under this act. I am sure every member from Atlantic Canada, and possibly members from the west coast, have received correspondence from people who have gone to the banks, made their representations, put up the necessary to guarantee, which under that legislation is 25 per cent of the total loan, and made out an application—if they could get one. I am informed that frequently bank managers say they do not have any application forms. On occasion when these people fill out an application, that is the last they hear of it. I received a letter from a person who had made an application for a loan in November. To date, he has not received any response. He is

interested in investing \$20,000 in a piece of fishing equipment, a long-liner. The fishing season is approaching and because this person has not received any response, he does not know what his position is. The seller of the boat is waiting to complete the sale, but this man must just sit and wait. There has been correspondence with the Minister of Finance (Mr. Benson), the Minister of Fisheries and Forestry (Mr. Davis) and numerous other people in the government departments responsible. We cannot get any fire under the bottoms of the people who are supposed to make these loans, yet the government sits back feeling quite happy that this legislation is on the books.

Legislation, not used, is useless. For example, legislation was passed by a provincial government making it illegal to change a fuse in your house. This was when houses had the old fuse boxes. It is illegal to change a fuse unless you are a qualified electrician. This is a stupid law because it is impossible to enforce. Who would know whether you changed a fuse? This bill is similar. It is not effective.

I mentioned the Fisheries Improvement Loans Act to show that the banks are not co-operating with the government. I suspect this is because the demand for capital is so high they can be very selective when lending money. On the basis of low risk lending, they should lend to fishermen because they have the best record in Canada for repaying loans. This is a fact, not an assumption. However, these loans are made not on the ability of the person to repay the loan, but on the basis of the interest the institution can get by making this loan.

Under the Farm Improvement Loans Act, the Fisheries Improvement Loans Act, the Small Businesses Loans Act and other similar pieces of legislation, the interest rate is relatively low. Certainly it is not low, but relatively low. It is roughly 8 per cent. The banks are not interested in lending money at this rate. The minister might be able to contradict me and say, look at all the money we have been lending.

I have already referred to the fisheries legislation. I participated in the debate on that bill for many weeks in this House and in committee. It was finally passed. I thought it might have been effective. If the record is checked, I am sure it will show that I voted in favour of this legislation. Having now had over a year's experience with that piece of legislation, which has similar components to