

● (1630)

The purpose of this Act is to provide for the purchase of equipment, which is so expensive and difficult to come by, the improvement or modernization of equipment and plants themselves, and even the purchase or construction of premises. Those are all necessary to run a small business today. The last report on the Small Business Loans Act indicates that 40 per cent of the authorized amount was taken up by the service industries, 26 per cent was taken up by the retail industry, and 10 per cent was taken up by the manufacturing industry. Others were, of course, significantly lower. That may be the only thing that one can credit the Liberal Government for in terms of small business. The rest of its policies have been a disaster. The group which I have just named will strengthen the economy.

This Bill increases the existing two year loan ceiling by \$300 million to \$1.8 billion. To a Conservative, \$1.8 billion is a lot of money. No further proof is needed of the success of and need for this program than the response of business people. Quick passage of this Bill will provide people with the funds they need to develop the engine of growth in this country.

I would like to reiterate the remarks made by the Hon. Minister of State for Small Business (Mr. Bissonnette). He said that the efficient private sector delivery of the Small Business Loans Act is one of its most attractive features. The program's simplicity of delivery and lack of red tape have contributed greatly to its popularity with lenders and borrowers alike. Government helps the private sector to help itself. We should have had that kind of philosophy for the last 20 years.

The interest rate on these loans is reasonable in today's terms. The sharing of the risk by the financial institutions is also an important element of the modified program. The lenders are part of our free enterprise system. It is appropriate that they share the risks as well as the benefits of our system.

I have no quarrel with the definition of small business in this Bill. I think that the eligibility limit of under \$2 million is a good compromise. On average, the larger corporations have more resources, both financial and human, to use to find ways to finance their operations. Small businesses, however, are often owned by a family or a small group of people whose expertise is in operating the business rather than in trying to find money to keep it going. The Government is prepared to help small business people get a start, to modernize their plants, and to obtain better equipment in order to compete. When they work, the country works. I am pleased to support this Bill, Mr. Speaker, because it is one way to help return the country to prosperity.

Mr. Riis: Mr. Speaker, I listened with a lot of interest to the points made by the Hon. Member. If he is really interested in helping small business, would it not be most appropriate to take action to reduce interest rates in the country and to establish a made-in-Canada interest rate policy as opposed to a made-in-America interest rate policy?

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Mr. Winegard: Mr. Speaker, I think we are taking action. We have had an economic statement, which will indeed revive the spirit of the country. We can expect a budget in April, which I hope will signal once again that we mean business in terms of reducing government expenditures so that we do not borrow so much that our interest rates will go up. We need to turn business loose, particularly small business. This particular Act is a small measure. As the Hon. Member said in his speech, there is much more we can do and I hope we will do it.

Mr. Gagliano: Mr. Speaker, I would like to thank the Hon. Member for giving credit to the Liberal Government. This morning I said exactly what the Hon. Member has said now. I asked the Minister of State for Small Business (Mr. Bissonnette) whether he would split the Bill in two in order to allow us to give speedy passage to the part to which the Hon. Member referred.

What is the Hon. Member's opinion of the 90-10 per cent ratio guaranteed between banks and the Government and the 1 per cent user fee? Does he think that these two amendments will reduce the lending activity between banks and small businesses?

Mr. Winegard: Mr. Speaker, I do not believe the fee will reduce the lending activity at all. That kind of deterrent is not going to be very significant when money is available. I certainly do approve of the 90-10 split. In fact, I might have gone even further because I believe that the lending institutions should accept some of the responsibility and risk in return for the benefits they enjoy in this free enterprise system.

Mr. Baker: Mr. Speaker, I have a very short question relating to the answer which the Hon. Member for Guelph (Mr. Winegard) gave about the 90-10 split. Could he elaborate on his answer? The previous speaker for the New Democratic Party said that he is in agreement with that because the banks should be taking some of the risk. Two organizations representing the small business community in Canada have voiced support for that particular measure. I cannot understand why everyone who has spoken on the Bill supports this measure. Would this not cause the banks to have a second look at that loan? Would this not discourage the banks from actually giving the loan? Would this not make them think twice, as the fee would make them think twice? Why are these organizations, representing small business in Canada, saying it should be more difficult for the small businessman to get a loan? I do not understand it.

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Mr. Winegard: Mr. Speaker, I do not believe it will be more difficult for the small businessman to get a loan. The banks in this country, not as much as the banks in the United States, I grant you, are used to taking risks. They need to take more. I am delighted that even 10 per cent of this risk will now reside with the lending institutions of this country. I would have gone further but I am at least content with that, unlike the previous Bill which was for 100 per cent and you had Government once again believing that it must do everything.