

*Small Businesses Loans Act*

small entrepreneur as they are prepared to do for corporations such as Dome, Massey, Chrysler or Maislin. They are prepared to renegotiate loans for large corporations and will fall over backwards in order to assist them, but they have demonstrated an insensitivity toward the small businessman in financial difficulty. That is hard to understand when one considers the role that small business plays in the country. The banks call their loans prematurely and then the small business entrepreneur has difficulty in getting the banks to explain why this is done so that it can be avoided in future.

The small business entrepreneur is often asked to guarantee a loan that he applies for. A recent study conducted by the Canadian Federation of Independent Business stated that the typical small business loan is guaranteed to the extent of 295 per cent. What is the risk to the banks when the typical loan is guaranteed to the extent of 295 per cent, Mr. Speaker? Hon. Members are well aware that many loans to the small business sector require to be secured to 300 per cent, 400 per cent and even as high as 500 per cent of the value of the loan.

With that kind of security it is wrong for the banks to claim that they are involved in a risky business. Perhaps there is risk in their dealings with large corporations, but they are always anxious to lend hundreds of millions of dollars to the Dome Petroleum of the world, knowing that ultimately there is no risk because the Government will come to the rescue if they get into difficulty. If difficulty does arise, then the banks turn to the small business community and start pulling loans in prematurely in order to keep up their cash flow. That is the kind of double standard to which I referred earlier.

Overlapping guarantees are often required. Corporate guarantees are often required to double up with personal guarantees or mortgage guarantees or property guarantees or security guarantees or joint and several guarantees. A loan to a small partnership may be secured 100 per cent by one partner, 100 per cent by another partner and 100 per cent by yet another. It may be secured many times over so there is no risk to the lender.

The banks are famous for passing the buck. One may discuss a problem with a junior official with a bank who says he will take it to the senior partner. That partner says he will take it to the regional director. The regional director says that he will take it to head office. Head office sends back the message that it is standard banking practice. They pass the buck so that it is difficult for the small entrepreneur ever to get an answer or identify the reason for the difficulty with the loan.

I know that the Minister of State for Small Businesses and Tourism (Mr. Rompkey) is concerned about small business and has been anxiously waiting for the Small Business Development Bond or the Small Business Bond to get introduced by way of a tax measure. I give him credit for good and honourable intentions. But the Canadian chartered banks refuse to co-operate with the federal Government. They refuse to offer the Small Business Bond to those small businesses that are experiencing financial difficulty. It is virtually impossible to get a Small Business Development Bond these days. Despite the best intentions of the Government, the chartered banks

toss the legislation out the window because they are not interested. I suspect it betrays their true interest in the small business community.

I should like to identify a few areas which I think the Minister of State for Small Businesses and Tourism and the Minister of Finance (Mr. Lalonde) ought to consider when drafting the next budget. The Small Business Development Bank should be restructured. It could be made more efficient and more sensitive to the needs of the small businessman. I should like to see the CASE Program strengthened and the banks providing risk and venture capital with equity options to a greater degree. The SBDB could be used as a clearinghouse for all federal programs of interest to small business, and perhaps that service could even be provided to the Provinces in which it is operating as well. The grant application process and funding procedures could be streamlined to allow the small businessman to acquire capital more quickly and regularly.

I should like to see a revision to the Bank Act that would ensure that a certain proportion of funds is set aside for loans to small businesses at acceptable and reasonably interest rates. Other countries realize the value of the small business sector and recognize that funds must be set aside so that the small entrepreneur can acquire cash for various ventures at rates lower than the going rate. This would encourage the small business sector, and the Bank Act could be revised to achieve this.

I should like the budget to include a real commitment to "buy Canada". In the United States we see a "buy America" policy in both the private and public sectors. A "buy Canada" component in the public sector and private sector would give encouragement to the small entrepreneur. It would light the fire under the small business community and present it with opportunities that it does not have at the moment. I should like the next budget to make money available for research and development in the area of the small entrepreneur. I should like to see mechanisms in the next budget to unleash the billions of dollars lying in Canadian savings accounts and make those moneys available for investment in small Canadian corporations. This would develop Canadian resources and would allow Canadians to make decisions that are in the best interests of the country and the community.

The federal Government should provide assistance for marketing new products and existing products overseas. The small producers could thus become more viable.

I should like the federal Government to encourage co-operative business ventures with a concept that would focus on financing services as well as marketing services. Co-operative services could be useful at the start-up stage of small businesses and for the first year or two. They could benefit from new and up-to-date office equipment and technology without the need to purchase these outright.

I think it is necessary for the Government to seriously consider reducing the amount of red tape that binds small business. The small businessman quickly becomes discouraged when he sees the tax forms that have to be filled. When an