

Loans Acts Amendments

Liberals is to look after people from the womb to the tomb. Ours is that much better—from birth to death.

I repeat that the small businessman is concerned that the government is attempting to look after people from conception to resurrection, which is the principle ascribed to my friends to the left.

Our small businessmen and women work long hours and are totally involved in building a business, building an inventory, attempting to play a viable role in their communities and, indeed, in all of Canada. In this respect the small businessman is the strength of this nation. He is concerned when he finds that there is money for OFY, for LIP, and untold millions for the permanent community work programs, whatever they are. Yet there does not seem to be anything for him. He is the backbone of our economic strength, paying both federal and provincial sales tax, municipal tax, gasoline tax, cigarette tax, UIC tax, and he is involved with the Workmen's Compensation Board. He is taxed to death to help others, but who is helping him? When I think of all those taxes, the amount that he receives, only \$28 million allotted under the Small Businesses Loans Act in 1972, is chicken feed compared with the financial contribution he has made to our economic development.

I say, Mr. Speaker, that if the small businessman is not given further consideration by government, and if our economic system is not one that provides opportunity for him, then we will see free competitive enterprise disappear.

We must solve these problems, Mr. Speaker, and determine the measures that should be adopted in order to facilitate the supply of capital funds from Canadian sources to allow expanding industries to retain control. We must determine what measures should be recommended to enable and encourage our own financial institutions and banks to supply more freely this needed capital. Finally, we must decide how new and expanded industries can be channelled to reduce regional disparity.

Surely these problems are infinitely more important than worrying about the World Football League getting into Canada. The government of Canada should concentrate on offering the Canadian people a policy which places Canada in the forefront of the nations of the world in developing a progressive, elastic program for our economic growth, based less on the emotionalism of a narrow nationalism and more on sound economic thinking.

● (2040)

Here the government has introduced some ad hoc amendments to the Small Businesses Loans Act. It had introduced amendments to the act since 1961. I tried to get the annual report for 1973, but apparently it is not out yet. Let me refer to page 5 of the 1972 report, the language of which I assume is not far different from that which we will find in the 1973 report. It says:

The Small Businesses Loans Act came into force in 1961 for an initial period of approximately three years and was subsequently amended from time to time to provide additional lending periods and widen its scope of operations.

The purpose of the legislation is to facilitate the availability of term credit to small businesses for a wide range of capital improvements. To this end, the Act authorizes the Minister of Finance to guarantee against loss term loans made to small businesses by chartered banks

[Mr. Alexander.]

and other lenders designated by the Minister. Borrowers are required to provide a certain portion of the cost of the capital improvement from their own resources.

That last statement is worthy of notice. Most people who wish to avail themselves of the provisions of this act do not realize that they need a certain amount of capital in order to become involved. Unless they have some money of their own, or some collateral, the chartered bank or lending institution will say, "My doors are closed to you."

The purpose of this act is to enable people to become involved in the wholesale or retail trade, service business, construction, transportation or communications industries. Until now you could borrow a maximum of \$25,000 if you had a gross income of some \$500,000. The ceiling is now being raised to \$50,000 for those with gross incomes of just under \$1 million. I understand that the minister is in a position to guarantee some \$250 million for purposes of the Small Businesses Loans Act for the next three years.

There is certainly a need for this increase in view of inflation. If you are a farmer and you want to buy a tractor you must spend a lot, as the Minister of Agriculture (Mr. Whelan) knows. If you want to get into the service industry, or open a restaurant, \$25,000 is not much good; that ceiling went through the window a long time ago.

Let me now refer to clause 6(1) of the bill. This amendment would extend the meaning of "bank" to include Alberta Treasury branches, thereby making those branches eligible lenders under the Small Businesses Loans Act. Without question that amendment is good, because chartered banks and other lending institutions need competition and they will get it under this provision.

Let me also refer to clause 6(2). This amendment, which adds the underlined words in the bill, would make new businesses eligible for business improvement loans. That disturbs me, Mr. Speaker. It talks of new business. What new business in the wholesale or retail trade, in the service business, construction, transportation or communications could you start with \$50,000? I don't know. It is obvious that you need to have some portion of the starting capital before you borrow. Say that the total requirement is for \$80,000. This means that you need \$30,000 in the kitty before you can apply for the other \$50,000.

I note clause 6(5) would extend the meaning of "small business enterprise" to include any business enterprise with an estimated gross revenue of up to \$1 million. At present the limit is \$500,000. Frankly, in these days of inflation I do not know how you could start any of the types of business I mentioned with the small amount of capital provided for here. However, as speaker after speaker has said, this is a step in the right direction and we must go along with it. At the same time we must register some of our concerns.

Let me point out that this bill provides nothing for market research for the small businessman. It says nothing about technical studies being available to him, or about the feasibility of such studies. These matters are significant to small businessmen. They are vitally important. I suggest that the banks ought to provide this service for nothing. After all they have on hand about \$40 billion in one form or another, and we only loaned about \$28 million under this program in 1972. You would think that