

For example, guaranteed loans can only be used for purchase or expansion of plant, equipment or land. Loans cannot be used to provide working capital which, of course, is one of the most important capital requirements of the small businessman, the small entrepreneur. The final decision to extend a loan rests by and large with Canadian chartered banks. They have been reluctant to use this act because of the limits placed on the interest that can be charged. Why charge prime plus 1 per cent if one can get prime plus 3 per cent? In fact the chartered banks have a vested interest in not supporting this program throughout the land.

Small businesses have indicated that branch managers in the chartered banks and other lending agencies are either reluctant to talk about the Small Businesses Loans Act or are not familiar with the program, or at least they say that they are not familiar with it. The one exception to this is the heavier use of the plan by the Banque Canadienne Nationale in Quebec. We hope the minister has received commitments from the chartered banks and other lending agencies that they will actively participate in the small business loans program, and if he has not received such a commitment, we hope that he actively seeks one.

Also I feel it is important to point out that less than \$500 million will be available under the Small Businesses Loans Act each year. In fact this is only a small fraction of the \$9 billion borrowed by small businesses in the year 1979. As one of my hon. colleagues mentioned previously, it does not address one of the serious problems facing entrepreneurs, that is, the lack of information. Some method must be found to enable potential investors or businessmen to be more aware of the existing 400 programs of interest to them.

The real failure to provide leadership, not only in the area of small business but to the Canadian economy as a whole, is the shortsighted and misguided monetary policy which has left small business and the economy in general saddled with record-high interest rates. When the prime interest rate is 16.75 per cent, the few benefits provided by the Small Businesses Loans Act cease to be meaningful.

Short-term, simplistic, cosmetic legislation such as the Small Businesses Loans Act which we are debating today would not be needed if the government had, in the past, provided responsible leadership in implementing a sound long-term industrial strategy for Canada. High interest rates, a record balance of payments deficit, and an unprecedented federal government deficit, all point to a colossal failure to fulfil the public trust.

In travelling about the country I have had the opportunity to speak with large and small groups of businessmen about the problems which they are currently facing. I hope the hon. minister and his government will be introducing legislation during this session which will address some of the serious problems mentioned previously in this discussion.

I have yet to discuss and examine the throttling impact that government red tape has on the small businessman. The paper

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requirements of the federal government have placed the small businessman in a very difficult position and have resulted in undue stress and frustration, as well as placing added personnel costs on his accounts book. Also I should like to remind the minister that at present a corporate tax system exists which treats small businesses differently than large businesses. The present tax system actually discriminates against small business by imposing higher effective tax rates on small businesses than on larger corporations.

● (1450)

In closing, I feel compelled to relate to this House an incident which occurred in my riding of Kamloops-Shuswap during the last election campaign. During that campaign I emphasized the fact that, of the three federal political parties, only one consistently and actively supports the concept of fair and equitable individual enterprise and fair and free individual initiative in the marketplace. I suggest that party is the New Democratic Party.

**Some hon. Members:** Hear, hear!

**Mr. Riis:** The hon. member for York-Peel, the former president of the treasury board, campaigning in my riding challenged this point publicly and suggested that the voters in the Kamloops-Shuswap area would ultimately decide which party supports the concept of fair enterprise and individual initiative. May I suggest that the voters of Kamloops-Shuswap did just that?

**Some hon. Members:** Hear, hear!

**Mr. Ralph Ferguson (Parliamentary Secretary to Minister of State, Small Businesses):** Mr. Speaker, hon. members, it is certainly my pleasure to speak to Bill C-17, an act to amend the Small Businesses Loans Act, which has been brought forward by my colleague, the Minister of State for Small Businesses (Mr. Lapointe). The minister has outlined the details of Bill C-17, and he has also briefly outlined the general purposes and the history of the Small Businesses Loans Act. In addition, he has outlined the government's intention to work with the financial community, the small business community and the provincial governments in preparing a complete review of the government's financial support programs for small businesses.

I should like to commend the hon. member for Capilano (Mr. Huntington) for his constructive remarks in relation to this review and to the amendments to the act presented here today.

I would like to refer ever so briefly to comments of the hon. member for Kamloops-Shuswap (Mr. Riis), and refer specifically to the drop in interest rates that took place for the last two consecutive weeks since the opening of this Thirty-second Parliament. I feel this reflects confidence in the government and it is an indicator that the proposals outlined in the Speech from the Throne are quite proper and correct.

**Some hon. Members:** Hear, hear!

**Mr. Ferguson:** In speaking to Bill C-17 I would like to add some comments on the coverage provided by the program. The Minister of State for Small Businesses has already referred to