

Small Businesses Loans Act

of 1981 was revised in December, 1981 in what is normally called by the business community "MacEachen's retreat".

The country then went through a winter of uncertainty and our Party crossed the country to listen to submissions from the interested parties who were concerned about the economy. We made our remarks in the House based on those concerns, and there subsequently was a retreat or adjustment in the form of one of the mini-economic statements which have replaced anything of tangible worth in the economic documentation of the Liberal Government.

There was another retreat in July of 1982. Of course, there was a change of Finance Ministers when we went from bad to worse, one might say, in order to give the present Minister of Finance who had decimated the energy industry a chance to do that to the entire economy. That is the situation we are presently faced with.

The Government finally brought the Income Tax Act before the House. It proceeded to cut off debate on that Bill, much to the dismay of those who wanted an Act that contained the proper amendments. I understand that the Government itself had some amendments but was unable to put them on the floor of the House due to time allocation. Once again, that has caused hardship to the small business community.

We introduced the Small Business Development Bond in an effort to create a method by which small businesses could capitalize their debts on a once in a lifetime basis so that they knew where they stood with their debt problems. They were to have reasonable interest rates with which the banks could participate. The Liberal Government gutted the Small Business Development Bond completely. It then became necessary for a business to be going broke in order to meet the criteria for receiving a Small Business Development Bond.

There is not much competition between banks and their branches for lending money to businesses that are going broke. It is not very good practice for an aspiring bank manager to call his or her head office and say that they have a new customer who is going broke and wants a Small Business Development Bond. People who adopt that practice would find themselves transferred out of the head office or to a much smaller branch.

Another measure in the Government's budget which hurt small business was the capital cost allowance write-off. It was cut in half in the first year of purchase and was a direct attack on the small business community.

I do not believe the Government realizes just what part small business plays in the country. A study conducted by the Massachusetts Institute of Technology reports that in the United States almost 80 per cent of all new jobs were created by young firms which have had from zero to four years of business participation. In any given region of the U.S., new job creation was almost entirely due to company births or expansion. Migration from other regions was relatively unimportant.

We found that in Ontario, for example, 75 per cent of business creation is usually internal small business. The Liberal Government put far too much emphasis on megaprojects, only to see them collapse. The Government protected

and bailed out Dome Petroleum while other businesses in ridings such as mine and those of my colleagues went broke because they could not get small business loans or assistance.

At the same time you see examples such as Maislin Transport, which is a very well connected trucking firm. The darlings of the Liberal Government found that it had access to the only loan that would be given to the trucking industry by the Liberal Government. Last summer, the Government made an exception—since we have now learned that this action did not represent a precedent—for Maislin and said that Maislin would put in \$2.5 million and the Government would lend Maislin \$34 million on that basis. Maislin simply had its subsidiary sell off its pension fund and transfer the funds into the company—we hope—and that was termed an infusion of equity capital.

As I suggested to the Minister of Industry, Trade and Commerce (Mr. Lumley), the Government has rewritten the accounting terminology of "shareholders' equity". It now means selling off part of a subsidiary company. That is called an infusion of shareholders' equity.

At the same time that the Government was promising this money to Maislin and putting Canadian taxpayers out on a limb, Maislin was losing \$1 million a month. The small businesses I represent do not want \$1 million from the Government or \$34 million in loan guarantees. They want a chance to grow, thrive and survive in these tough times. Any Members in the House who have trucking firms in their constituencies now find that the promises of the Government which it made in the heat of the summer of 1982 were empty and limited. When the Government promised that criteria would be developed for trucking firms, there was no such development. There were no criteria, and today in the House the Minister confirmed that there was no intention of lending any money to the great number of trucking firms that have applications in to the Ministry of Industry, Trade and Commerce. If we had not brought that out today, the Government would have been content to have those applications sitting on the Minister's desk for a long, long time—another broken promise.

● (1650)

That is the point I want to make today. We generally are in favour of the Small Businesses Loans Act. I think once we have had an opportunity for debate in this House, when we have had some of our colleagues who are not here today and who want an opportunity to speak come forward, we will be in a position to say that this Bill has had the examination that it deserves from Parliament.

The Acting Speaker (Mr. Blaker): I recognize the Hon. Minister, who is the mover of the Bill, the Minister of State for Small Businesses, on a point of order.

Mr. Rompkey: Mr. Speaker, I have a question for the House Leader of the Official Opposition. I was very pleased to hear his remarks and his support for this Bill and indeed to hear the support from that side of the House for small businesses and