

Small Business

ruptcy but who will be forced, because of a change in their equity position in terms of their debt load, to get out of the business they are in, whether it be agriculture or otherwise. The number of farms for sale, particularly in my area, is expected to be 300 per cent higher this year than last year simply because of the economic climate the government is fostering now.

● (1710)

Also in his comments, the minister suggested that the reduction of the federal deficit was one of the prime efforts of the government. If we look at the deficit position of the government in the last year, it seems to me we are actually looking at an increase of \$4 billion over what was projected in the Crosbie budget. I do not want to compare two different budgets, but in terms of looking at this as a mechanism for lowering inflation, I do not know from where the minister gets his figures. I have heard this several times in the House, but every time I look at the figures I realize they do not agree with his comments. Perhaps he would at some time try to bring me up to date on what kind of figures he is drawing from.

In this year alone government expenditures have risen to approximately \$62 billion and the deficit is up to \$14 billion. They are clearly giant increases in each area. It portends even worse for the future. In 1983, 1984 and 1985 we will be looking at yearly government expenditures somewhere near \$90 billion. This is not in agreement with the kinds of things the minister has said.

I should like to comment briefly on what he said concerning the small business development bond. A previous speaker on this side of the House suggested that if the small business development bond were expanded, it would allow business to take advantage of lower interest rates. This would help them increase their activities and avoid bankruptcy. The minister suggested that it was costing the government a lot of money and that the presentation which has been made was not accurate.

Because there are a number of different economic theories from different economists, I think it is reasonable to quote one economist who suggested very strongly that we would benefit from this type of move because of the activity it would generate in the economy and, in the long run, tax dollars would be generated; this would return funds to the government. I think this is the idea of the hon. member. Certainly it suggests that the minister should rethink his position and perhaps take a look at a fresh viewpoint, rather than sticking with the same kind of attitude that has been adopted hitherto.

In a recent book entitled "How Ottawa Spends Your Tax Dollars", Bruce Doern noted that the Liberals have abandoned social priorities of the Pearson era and that a prime example is its failure to cushion lower-income groups from the effects of higher oil and gas prices as in the 1979 Crosbie tax credit.

In the perspective of economic distress under which we are now, I suggest very strongly that we are not dealing with the social aspects of what we are supposed to be doing or what I suggest we should try to do. The difference between lower and

upper-income people and the number of people below the poverty line is increasing, not decreasing. We are not accomplishing the transfer of benefits to lower income groups, although it is suggested that we are doing all these things economically on behalf of the nation at large.

Much has been said about the government's interest rate policy, its impact on small business, and the way in which it is addressed. The Canadian Institute for Economic Policy indicated that small and medium-sized business, most of which are Canadian-owned, are borrowing heavily from the banks for their capital requirements. Many of these businesses have been driven into bankruptcy; they are in situations where they have no recourse but to go into bankruptcy.

Perhaps it is a sad commentary that one of the major bills before the House of Commons now is the bankruptcy bill. A bill addressing economic issues rather than bankruptcies would give a more favourable light to what are the activities and priorities of government. The number of bankruptcies in March, 1981 was 29 per cent higher than a year ago according to the figures of the institute. We heard a number of figures today, including 17 per cent and 18 per cent. Whatever it is, it is a significant amount. As was mentioned, even that amount does not address the entire problem because it does not indicate the number of people who are voluntarily withdrawing from business rather than face full bankruptcy.

There has been mention of the automobile industry. One of the more interesting and important viewpoints on this subject came recently from the United States and was published in the *Atlantic Monthly*. It drew a comparison between the automobile industry in North America and the automobile industry in Japan. Although we are addressing small business, I mention this because of the differentiation between small business and large business. Whether it is a large energy project or whatever the megaprojects will be, whether in fact it is agriculture versus small business, most come down to some common denominators. Certainly one major common denominator is the cost of borrowing money in order to do business.

The automobile industry in North America is experiencing severe distress. In the last year alone, Ford experienced a massive deficit of approximately \$1.5 billion and Chrysler had losses of \$1.7 billion. The market share of the North American industry has decreased significantly as Japanese models have come on stream.

There are many factors in this area. Many Canadians who have bought foreign cars tell us about their quality and the terrific relationship between Japanese workers and their parent organizations, as well as a number of other things.

The research and development aspect is perhaps one of the most important, but we should consider the amount of capital reinvested in research and development, the manner in which products are brought on stream and organized, as well as the entire series of marketing and other manoeuvres. The research and development aspect is one in which Canada in particular is vulnerable, as many people know, in a number of ways. It is vulnerable in the immediate sense in that we have not been able to maintain the competitive aspects either at the research