

Small Businesses Loans Act

nity is disappointed and dejected with the contents of this bill. They were expecting so much more.

This bill does nothing to assist the small businessman, and it comes at a time when serious, thoughtful, rational changes are required in our economic structure and in our economic system. In their hearts, Canadians know the present system is inadequate. Canadians know that we are an incredibly rich country with unlimited and unimaginable opportunities, coupled with a young, dynamic, creative and talented people, yet facing such serious problems and difficulties as exist in our country today.

Hon. members to my right, as well as members across the way, tell us that we live in a country committed to the principles of free enterprise and competition. I am afraid this is an illusion, this is a dream. Canadians believe that if an industry is competitive, then we can expect to get a better choice of products in the marketplace and obtain them at lower prices. There exists extensive empirical evidence to support this belief, so long as the conditions for competition do, in fact, exist. However, the reality of the Canadian economy is very different from this competitive model. The key industrial sectors of the Canadian economic system are dominated by a small number of large corporations, and if we recognize that many of these corporations are branch plants of foreign business operations, then we begin to place the structure of the Canadian economy in its appropriate international context.

I am certain that my colleagues in the House are aware of the extent of corporate concentration in the Canadian economy. No one can look back over the holes left in the economic landscape by the wave of corporate takeovers since the royal commission tabled its report on corporate concentration and fail to realize that our economy is undergoing dramatic and far-reaching structural changes, changes that are not necessarily in the best interests of Canadians.

● (1440)

It is not insignificant that a very key question was left out of the terms of reference of the Royal Commission on Corporate Concentration. That key question is: how has federal government policy contributed to and accelerated the process of corporate concentration in Canada? Or, to put it another way, how has the federal government contributed to the erosion of competitive enterprise in this country and as a result placed many small businessmen in an unfair competitive position?

Is it any wonder that, for decades, big business, and often foreign business, has exercised undue influence on the formation of economic policy in Canada? The current economic crisis has brought this to the attention of all Canadians, but to none more forcefully than those employed in small business. For it is here, in the small business sector, that the conditions for competition exist and the competitive forces of the market place have their greatest impact. For decades the government has ignored this vital sector of our economy. Only last year it finally got around to publishing its first major statistical

review of small business. Using the criteria of sales less than \$2 million to define small and more than \$20 million to define big, the following picture of business in Canada emerged. I should like to refer to a few specific points in that review.

In 1976 there were 628,000 small businesses in Canada representing 97 per cent of all businesses. The 2,000 largest businesses in Canada represent less than one half of 1 per cent of all businesses. Small businesses account for nearly 28 per cent of total business sales. In terms of employment, small businesses account for approximately 40 per cent of the Canadian labour force.

A recent study by the Canadian Federation of Independent Business indicates that small businesses have created more than 50 per cent of new jobs outside the government sector since 1971. But small business is vital to the Canadian economy for other reasons. While 48 per cent of big business in Canada is foreign-owned, over 96 per cent of small business is Canadian-owned. I emphasize Canadian-owned and Canadian-operated. Small business in Canada is an expression of the Canadian character, and extension of Canada's energetic and imaginative people, representing their hopes, dreams, aspirations and concerns for the future.

The decision to go into business in Canada is a decision to take one's future into one's own hands. It involves risk, frustration, and great deal of hard work. When we talk of small business in Canada, certainly we are not talking about a faceless and soulless corporation, but indeed of people. Small business is a people business, and we must do everything possible to nurture, encourage and support it.

Small business has been hit especially hard in the present economic crisis. The uncertainties associated with the 1970s have contributed to a marked increase in the number of business failures. Commercial bankruptcies in the first two months of 1980 were up nearly 25 per cent over the same period last year. Bankruptcy experts estimate that at least 75 per cent of failures occur among small businesses. Just this afternoon I had the opportunity over lunch to meet with two visiting businessmen from my own riding. One businessman owned a small clothing store and the other businessman represented a small contracting firm. Both of these individuals are on the brink of bankruptcy. The high interest rates, and the monetary policy which is perpetuated and supported by the present government, have driven these entrepreneurs to the edge.

In the face of the current downturn, this bill to amend the Small Businesses Loans Act betrays a colossal failure on the part of the government. It will do virtually nothing to ease the burden on small businesses in Canada. The increase in the loan ceiling from \$75,000 to \$100,000 proposed in this bill, once one takes into account the inflation over the past three years, represents no increase at all in real borrowing power. In 1979 less than 3 per cent of the value of all small business loans were guaranteed under the Small Businesses Loans Act. There are a number of reasons for this which the legislation does not even begin to address.