

*Small Businesses Loans Act (No. 2)*

I would like to read from a memorandum sent out by one of the major banks in Canada respecting the Small Business Development Bond. It is dated December 9, so it is current. It was written about one month after the tragedy called the MacEachen budget. It says this:

This new formula is being developed and . . . branches will be advised shortly of the formula. Until that time it is not possible to enter into any new SBDB agreements . . . the SBDB program cannot be offered by banks until the government defines more precisely the eligible borrowers.

Presumably the government is going to great lengths to define financial difficulty, and by the time it gets financial difficulty defined, anyone who was not in financial difficulty when the government started defining it will certainly be in financial difficulty once the government has defined it. The criterion is not there and when it is, it is going to be distasterville!

I would like to refer to a recording of a telephone conversation my research assistant had with a bank manager in my riding on November 9, 1981. The bank manager said:

The new program stinks! They just received their instructions from head office today. They are cancelling their files as far as SBDB are concerned . . . The only way they feel that they could consider an SBDB would be if the person had a marginal account with them already and that an SBDB would release the pressure. Even at that they would have to add 3 per cent to the rate to make up for the imposed 6 per cent dividend.

● (2110)

I want to read to the House a letter from one of my constituents addressed to the Minister of Finance (Mr. MacEachen). It reads!

We had been gearing up all year to build a new energy efficient building material showroom at our location in . . .

Simcoe North.

Financing was tentatively approved at—

A bank.

—through the Small Business Development Bond program.

We wrote you September 8, requesting an extension to this program since we were having problems obtaining completed blueprints with approvals. When we received your letter of November 6, no definite answer was obtained only to look for an extension or change in the budget November 12.

It appears from the budget that we cannot now use this form of financing to complete our plans.

This business is not going broke. It is not in financial difficulty. To return to the letter, this is what is facing Canadian small business across this country. It says:

It just does not make sense to start to build considering the present economic conditions, interest rates at over 18 per cent, inflation running at 13 per cent and the number of business failures in our industry. Looking over past years profits and projecting (or predicting) the future is so uncertain that to contemplate building at this time would be out of the question without this type of financing available to small business. At a time when many companies are closing, laying off, etc. this incentive for financing new buildings, equipment, etc. was really needed to help small business to expand and improve the economy.

Please reconsider your position on the budget for the Small Business Development Bonds.

There is no question but that we should support this bill. We do it with sadness, sadness because there was the mechanism available to this government to do something for small business in Canada. There was no need to gut the Small Business

Development Bond, but this government gutted it. Effectively, it is now the small business disaster bond. That is no reflection on you being in the Chair when I say so, Mr. Speaker. You have done a good job. It is now the small business disaster bond.

We can blame the government for this all we like, but the people who do not understand what the Small Business Development Bond was supposed to do for Canadian economy are the same bureaucrats living in this cocoon called Ottawa who fail to realize what the entire budget will do for the economy of Canada.

If ever these people get out of this place and visit small businesses in constituents like Simcoe North, we will show them the reality of making a living in these times. We will show them that if bureaucrats get out in the field, they can see what is going on.

In closing I should like to say that I intend to support the bill and I thank you for your time, Mr. Speaker.

**Mr. Blaine A. Thacker (Lethbridge-Foothills):** Mr. Speaker, we have a new face in the Chair. I must say this evening we have a very handsome face in the Chair.

**Some hon. Members:** Oh, oh!

**The Acting Speaker (Mr. Deans):** I think the hon. member is out of order.

**Mr. Thacker:** I apologize for being out of order. I would never challenge the Chair. Presumably that says something about my comments.

This evening I want to say a few words on Bill C-84, the Small Businesses Loans Act. Because this is second reading of the bill I can discuss the principle, which is that there will be more government involvement in the lives of our citizens, particularly small-business men.

This amendment increases the amount the government guarantees to the banks to \$1.5 billion. I am sure Your Honour is aware this is the eighth time the amount has been increased. When the bill first came in, it was \$300 million. It is now \$1.5 billion.

This bill increases the welfare of our banking system. We certainly would not want to have any banks fail. The bill says to the banks that if they will make loans to small business of up to \$1.5 billion, the government will guarantee they will not lose it. This is an incredible bill and an incredible role for government.

The contingent liabilities of this government are now truly enormous when you add up all of the various contingent liabilities such as small business, farm improvement loans, Petro-Canada and the loans to our Crown corporations.

I suppose it is a proper question to ask why the amount has increased. I am sure government members will say it is because small business is important. There is no doubt about that. Over 90 per cent of all Canadians business is small business. There are 2.5 million people employed directly, and