

Bankruptcy

businesses, depending on the province and region, would be placed in receivership.

Each year, Mr. Speaker, approximately 8 per cent of small businesses in Canada die for one reason or another. During prosperous times, they are replaced at a rate of 9 per cent, 10 per cent or more. In other words, during healthy times there is a growth in small business in Canada, but at the present time, with interest rates well above 17 per cent, 18 per cent, 19 per cent, 20 per cent and, for many small businessmen, 22 per cent or 23 per cent, the rate of increase is cut back significantly. This leads to a phenomenon that draws the concern and ire of many, if not most, members of this House and that is the phenomenon of economic concentration in Canada. Already, Canadian businesses are the most concentrated of any of the western industrialized nations while our merger and monopoly laws are the weakest.

In a recent issue of *Maclean's* magazine, in an article on mergers and the growth of monopoly practised in Canada, there appeared the following passage:

This is at a time when the annual number of corporate mergers has doubled in five years, and when the 100 largest non-financial companies control just over half of all corporate assets.

The most recent figures for other industrialized nations show that the 100 largest manufacturing companies in the United States, hold 25 per cent of total assets, 33 per cent of the total in Japan, 47 per cent in West Germany and 46 per cent in the United Kingdom. In Canada, the 25 largest control 30 per cent of assets, while the 50 largest control 39 per cent.

The rise in the number of bankruptcies in this country is a not so subtle indication that small businesses are failing and that business concentration is continuing and, in the last three or four years, at an accelerating rate.

Any discussion of Bill C-12 begs the question of the impact of bankruptcies on the country. What do bankruptcies do to Canadian industry, Canadian commerce and to Canadians? If one were to simply identify the direct impact of bankruptcies, one would first of all have to recognize that the small business sector has been the major source of all new jobs created in Canada in the last decade. Job creation has been highest in this sector of our economy. Some of the major creativity is occurring in this sector which is finding new and fresh ways of developing our resources, of taking advantage of our location and expertise in the work force.

A rise in bankruptcies contributes to unemployment. When a business closes its doors, of course opportunities for employment with that firm no longer exist. It is important to recognize that this is occurring when we have an unemployment rate in excess of one million persons. To that we must add a category that is often ignored, the handicapped, the disabled—those people who do not show up on the unemployment rolls. Something in the neighbourhood of 600,000 or 700,000 Canadians are not taken into consideration in the calculation of the number of unemployed, yet perhaps 60 per cent or 70 per cent of the disabled are unemployed. When speaking of a serious unemployment situation with more than one million

people unemployed, we must consider that close to two million people could be working in Canada.

When referring to bankruptcies, we also have to recognize that they threaten our standard of living and certainly threaten the security of thousands of people. Many small firms are struggling from dawn to dusk, with bankruptcy just around the corner. The employees wonder whether the pay cheque will be forthcoming at the end of the month and this has social consequences. It puts pressure on many Canadian families.

Bankruptcies also threaten the fabric of our towns, cities and municipalities. The local tax base is affected at a time when the federal government is drawing back from programs which it had developed and which provided infrastructure for local communities. This places the burden on the local taxpayers. Bankruptcies remove a portion of the tax base and as a result, the level of local services and the development of necessary lands for further population growth are affected.

Those of us who have the opportunity to travel around Canada today will notice communities where every fourth or fifth business is boarded up. What does that do to the vision that Canadians have of our country who are trying to be optimistic? What does it do to the atmosphere in those communities where the feeling of failure is so prevalent? It creates a very depressing environment in many communities and drains the creative and innovative life-blood from them.

One advantage that Canada has over so many other nations is the feeling of vitality in the communities with their different personalities and characteristics. Unfortunately, the increasing level of bankruptcies does a great deal to erode that positive feeling.

As the hon. member for Kingston and the Islands indicated in her remarks yesterday, there is a feeling of despair and hopelessness across the land. More and more people are talking about the beginning of the end. Surveys which ask if people are as optimistic about their children's future as their own at the same age, respond almost universally, that they are not. More and more Canadians are beginning to feel that we are sinking in a quagmire of economic difficulties.

● (1540)

There is an old Hindu proverb which says: "Where there is no dream, the people perish". I suspect that unless the government sits up and takes notice of what is going on across Canada and refocuses its attention, not so much on bankruptcies, but on the cause of bankruptcies, that dream will slowly be extinguished.

Another direct problem attached to increased bankruptcies in the country is that we are seeing the transfer of millions of dollars in assets from individuals and small businesses accruing to the banks and other corporate lenders. Who are the beneficiaries of the bankruptcies occurring across Canada? As happens so often during difficult economic times, during times of high interest rates, it is the banks and the lending institutions which are the main beneficiaries. Who are the beneficiaries during bankruptcy proceedings? Once again, one finds that the corporate lenders are the ones who benefit the most. Surely