

*Small Businesses Loans Act (No. 2)*

environment for small business and tourism of any western industrialized nation.

As I stated earlier, from a national picture and from the St. Catharines statistics, small business is vital to our economic wellbeing. The road to economic recovery in this country is through a revitalized small business community, a community that has one of the best job-creation records of any sector. Bill C-84 cannot begin to provide this necessary revitalization, this necessary renewal, and, indeed, will not be able to undo the damage done by the November 12 budget.

Earlier, Mr. Speaker, I asked where the hardpressed businesses could look for affordable loans. One source often overlooked is individuals, individuals who, like the owner of the business, had some faith in the system and in the eventual success of the enterprise. The individual would be prepared to support that. Prior to this budget, there was an incentive for those individuals as they were able to deduct the interest expense incurred in the making of those investments. No longer is that permitted to the same extent. As pointed out by the Canadian Federation of Independent Business, that source of investment capital, risk capital, Mr. Speaker, is no longer available to enable our country to grow and prosper.

A second blow to small business was the announcement that businesses must now pay the full tax on a sale, regardless of the payment terms with respect to that sale. For businesses dealing in expensive items, and in particular those dependent on time or term sales, this is a heavy tax burden indeed.

Finally, Mr. Speaker, the budget attacks the usefulness of one of the main provisions of the Small Businesses Loans Act, that of assisting firms to acquire capital assets. The capital cost allowance, which this government once boasted, was the best in the world, has now been reduced by one half. Thus, on one hand the Small Businesses Loans Act will enable a businessman to purchase a capital asset and, on the other hand, the budget will sharply reduce any incentive to do so. This is not just contradictory but madness. At a time such as this, as the hon. member to the left of me said, it is madness when we need to instil confidence in our business community?

So let us be honest with ourselves. What small business needs today, most of all, is relief from the high interest rates. I have already stated that thanks to the recent budget there is nowhere for small business to turn, save into bankruptcy, receivership or default. May I suggest to the Minister of State for Small Businesses and Tourism that he takes a hard look at the provisions of the Small Businesses Loans Act as these affect interest rates. He will find that the rate to be charged within that act is 1 per cent over prime. At today's rates, prime of 17 or 18 per cent can hardly be considered affordable financing.

Might I also suggest to the minister that if he and his government are serious about helping small business, then Bill C-84 should have been expanded to include the interest rate formula applied to the now defunct Small Business Development Bond. That bond did provide affordable financing for small business. The Small Businesses Loans Act does not include that aspect and Bill C-84 is no answer to it either.

The conclusion is clear. Bill C-84, as we have agreed to support it, is a stop-gap measure designed to carry a besieged program through a simple short time period of six more months. I have suggested that, due to the pressures that will be placed on it by virtue of the destruction of the Small Business Development Bond, the Small Businesses Loans Act will not be able to cope with the increased demand. Again, as a result of the disastrous budget of November 12, a budget condemned by some 20 national organizations and groups, small business will be subject to the continuing pressure of high interest rates on one hand and the harsh, unfair, counterproductive taxes of the budget on the other hand. It brings to a halt the growth and development of a country that was built on the dreams of so many people. What is left for the entrepreneur, the adventuresome, the investor or the dreamer?

In short, and I shall conclude on this point, this government has displayed its total lack of appreciation and understanding of the business and commercial world. It completely lacks an employment philosophy. That is entirely consistent with a budget philosophy that refuses to put people first.

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## PROCEEDING ON ADJOURNMENT MOTION

[English]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

**The Acting Speaker (Mr. Blaker):** I am sorry to interrupt the hon. member, but there is a procedure that I must now dispose of. It is my duty, pursuant to Standing Order 40, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: The hon. member for Medicine Hat (Mr. Hargrave)—Agriculture; the hon. member for Surrey-White Rock-North Delta (Mr. Friesen)—Foreign Investment Review Agency; the hon. member for Central Nova (Mr. MacKay)—Public Works.

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## GOVERNMENT ORDERS

[English]

### SMALL BUSINESSES LOANS ACT (NO. 2)

MEASURE TO INCREASE MAXIMUM AMOUNT OF LOANS

The House resumed consideration of the motion of Mr. Lapointe that Bill C-84, to amend the Small Businesses Loans Act (No. 2), be read the second time and referred to the Standing Committee on Finance, Trade and Economic Affairs.

**Mr. Bill McKnight (Kindersley-Lloydminster):** Mr. Speaker, we on this side of the House in the Progressive Conservative Party, by taking part in this debate and in saying that we