

businesses in Canada are headed by women. Interestingly, it has become clear that women are the successful business persons of the country and form the sector in which most of the energy is being focused in terms of creating new business opportunities.

When we talk about the small business community, we talk about the very life-blood of the community itself. I do not suppose that there are many people in the House of Commons today or many people who are watching the proceedings today who have not opened up a small business themselves in the past, who are in the process of doing so, or who dreamed of that day when they may open up their own independent business. It is part of the fabric of Canadian society. It is what built Canada.

● (1600)

I would totally eliminate what Liberal Members have said about small business in this debate. If we looked at what Liberal Governments did year after year, decade after decade, to support and encourage small business and the number of programs which were designed to cater to business, we would realize that there were only three programs out of 200 which were designed to help small business. The remaining programs were designed to help major business. It is clear by that where the Liberal priority has been.

During the past year, something in the neighbourhood of \$30 billion was lost to the federal Treasury as a result of business tax breaks. We could talk about whether or not tax breaks are serving their appropriate role, but nevertheless \$30 billion was spent to provide incentives to business. Of that amount, 80 per cent goes to the large corporate sector, which represents 1 per cent of all the businesses in Canada. That 1 per cent receives 80 per cent of the corporate tax breaks. So if we talk about the efforts of Liberal Governments it is clear where the priorities have been.

I suspect it is too early to criticize the present Government about the extent to which it will support the small business sector. However, I am concerned that the first major piece of legislation which was introduced by the new Government was the Investment Canada Bill. The Government told outside investors and foreign companies that Canada was open for business, even though Canada has more foreign control and ownership in its economy than any industrialized country in the world. That means that the large corporate institutions will move into Canada and provide more competition to existing small business firms. We could debate the merits of that and whether more of our economic future will be determined in Hong Kong, Houston, Texas, and New York. We could also debate the fact that, as a result of more foreign control and investment in our economy, more sourcing of goods and supplies will come from outside Canada. Small business in Canada buys locally and inevitably Canadian, but multinational or transnational corporations which operate in Canada by definition source from their parent companies in other lands or where their major interests lie, which, of course, is not Canada. The Investment Canada legislation indicates where

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the priorities of this Government lie, and it would seem that once again those priorities are not necessarily with the small business sector. However, as a caveat, I would suggest that it is still too early to say.

There is another indicator about which I am very concerned. If we want to provide support and assistance to small business, the most appropriate action the Government could take would be to reduce interest rates. It should forget the dozens of programs and the tax incentives which are of little value to the small business sector. After all, we could throw all the tax incentives we wanted at that sector, but for the first few years of a new venture no profits are realized. We want to encourage the new small business sector and the creative aspect of business. If small businesses do not make any profits, tax incentives will be of little interest to them. However, I suspect that the Government will provide tax incentives to those small firms which cannot use them.

Of course, the banks and the large corporate sector can use those incentives. Today it was indicated that oil company profits are up 50 per cent and that the banks had an 18 per cent return of equity this year. They can use the tax breaks, but the small business sector will not be able to. The way to assist the small business sector is through interest rates.

Today we witnessed a very disturbing fact. At two o'clock it was announced that interest rates in Canada had jumped substantially for the second week in a row. I suspect there is not an honest financial analyst in the country who would say that interest rates are not likely to continue to increase. Not only are increasing interest rates the sort of thing which will dampen small business expansion in the country, but it is the uncertainty of those interest rates that will have a major effect. This Thursday interest rates are a little over 10 per cent. What will the rates be next Thursday, five Thursdays from now or 16 Thursdays from now? It is that uncertainty which makes it difficult—and I suspect some would say impossible—for most small businesses to begin or to expand. If we are to assist the small business community, we must have stability in order that people can predict with some certainty what will happen in the next few months. If a small entrepreneur has no idea what the interest rates will be next Thursday, let alone six months from now, it makes it impossible to make predictions and do the necessary financial planning.

Other countries assist the small business community, and particularly the small businesses which are just starting up. I think it is fair to say that we do virtually nothing. Granted, we are talking about the Small Businesses Loans Act and the fact that the Government will provide more money. However, out of the 50,000 new businesses which started last year and the 900,000 businesses which already exist, only 25,000 made use of the Act. That is a small but important proportion.

However, the point is, are any changes really being made? We are not really making any big changes but two small changes are being made. One is that the government guarantee will be reduced from 100 per cent to 90 per cent. Over the years this legislation, which was introduced by the Liberal