

Small Businesses Loans Act

a Bill which is obviously ill-designed and which does not meet the needs of small businesses.

Consultation with whom? What does the word "consult" mean for the Conservative Government? For the Liberal Party, it has always meant that the input should come from the users who benefit from the services provided by legislation.

This Government seems to prefer working in secret, behind closed doors.

The Bill to amend the Small Businesses Loans Act is a measure which will make the Canadian economy move backward and cause many problems and headaches to small businesses while, in theory, it should be promoting the development of our industries and businesses.

Mr. Speaker, this ill-designed Bill should simply be withdrawn if the objective of the Conservatives is really to promote the growth of small businesses in Canada. The amendments which the Government wants to make to the Small Businesses Loans Act are clearly unacceptable to our Party and to the organizations representing the small business community.

Let us consider one by one these amendments stemming from a simplistic analysis of the situation of small businesses. Even though the \$1.5 million ceiling for the yearly gross revenue has not been increased since 1977, this Government, in what it calls a major review of the Act, increases the ceiling only by half a million dollars in Clause 1. As for Clause 2 of the bill introduced by the Government, it goes against the spirit and the letter of the existing Small Businesses Loans Act whose purpose was to encourage lenders to grant term loans to small businesses thus allowing them to upgrade and modernize their equipment and facilities and ultimately increase their productivity. Mr. Speaker, it seems that this Government wants to discourage any new loan by creating unacceptable new requirements for lenders. We must ask ourselves whether the Conservative Government does not simply want to ruin the Small Businesses Loans Act by making it unacceptable for lenders. Such a strategy, camouflaged in provisions which any serious analyst would obviously find unacceptable, would cause serious harm to the Canadian economy.

We cannot believe that, to keep the unrealistic promises it made during the electoral campaign, any Government would dare sabotage deliberately a piece of legislation which is one of the cornerstones of Canadian economic development. However, Mr. Speaker, if this is not a manoeuvre aimed at making the law inoperative, nothing justifies the provisions contained in the various sub-clauses of Clause 2. In view of the guarantees required from lenders and the essential purpose of the legislation, the new loss-sharing ratio seems simply aimed at limiting the number of loans. While basically the Government participation under this legislation must be to stimulate the economy by encouraging the granting of loans to develop small businesses, this will create a climate in which the lenders will become suspicious of businesses. It is obvious that this Act was passed in 1961 to encourage lenders to finance businesses

which could not otherwise afford certain other programs usually offered by lenders. By using an extremely cautious formula and by taking into account the maximum losses sustained in a year, the Government can expect to recover a maximum of 0.7 per cent of the total value of loans thanks to the new loss-sharing ratio proposed in the bill.

A cost-benefit analysis of this bill would establish that potential revenue is insignificant since hundreds of millions of dollars in loans will probably be refused to small businesses by lenders who will worry about the appearance of the loss-sharing ratio. The refusal of 10 per cent of loan applications would mean a loss of investment capital for small businesses. It seems obvious that, at a time where economic growth is essential, the legislation proposed by the Conservative Government is irresponsible and dangerous for the Canadian economy. In addition, the clause requiring the banks to pay a premium of 1 per cent on the total value of each loan granted is also unacceptable.

● (1130)

Moreover, representatives of small- and medium-sized businesses have made it clear that this obligation will destroy the legislation and make it inoperative. Mr. Geoffrey Hales, vice-president of the Canadian Organization of Small Businessmen stated in response to this Bill, and I quote: "If lending organizations have to pay such a premium, they will withdraw altogether from the program provided under the legislation." In the same spirit, John Bulloch, president of the Canadian Federation of Independent Business, said recently that it would be foolish to charge such a premium to banks. Whom did the Conservative Government consult before introducing such amendments to the legislation which are totally unacceptable to all partners in the business world?

We have seldom seen such a consensus against a provision in a bill. Once again, we have to ask the following question: Is the Conservative Government trying to destroy the Small Businesses Loans Act by imposing unacceptable conditions? If so, it is taking the necessary means to that end.

Is the Government really so unaware of present economic conditions in Canada that it is ready to put aside an act which has promoted the growth of our small businesses for 23 years? The Liberal Party will never allow the Conservative Party to hinder the development of our small businesses. Through its legislative program, our Party has always encouraged their growth. The Liberal Party knows that strong small- and medium-sized businesses are essential to provide sustained job creation and economic growth in Canada. We know that this sector has provided 70 per cent of jobs in Canada between 1979 and 1980 and practically all jobs created between 1979 and 1982. The Liberal Party knows that at least 90 per cent of businesses in Canada are small- or medium-sized and that they account for more than 30 per cent of the Gross National Product.