

Borrowing Authority

We know that small business is the best source of creating new jobs. It has been stated time and time again in the House that in the North American continent some two-thirds of all new jobs created were created by firms with less than 50 employees. This is clearly an area in which we could rejuvenate the dynamic, creative and innovative spirit of Canadians and Canadian enterprises. I contend that the budget does little to promote small business growth. When we look at some of the things which could have been done but have not been done, we get a clear picture.

I would like to refer to a paper which was put out by the firm of Drache and Goldstein which commented upon investment tax credits and the proposal with respect to the issuance of equity shares. It was pointed out that while all this looks good on paper, small business had never been a major user of investment tax credits because of the various limitations imposed on the nature of the assets which must be acquired. Also it pointed out that the total benefits to small business looked like an addenda to plans to stimulate big business, sort of a mere afterthought which did not really address the real problems of small business. Not a word was said about the removal of the 12.5 per cent corporate distribution tax, about the repeal of the reduction in the capital cost allowance, about the potential of restoring the Small Business Development Bond, about ways and means of liberating some of the RRSP funds which could be channelled back into future investment for small business, or about the prospect of employment tax credits to stimulate employment in the small business sector.

I could suggest a tax holiday on the first \$100,000 worth of profit because small-businessmen, like farmers, are the last ones to take salaries. They plow their profits back into the business sector to create jobs and to provide a stable and economic environment in all areas of the country. There were a whole host of suggestions and recommendations advanced by various groups that deal closely with small business, but they have been ignored.

Another area is energy, to which the Hon. Member for Crowfoot referred as well. I support what he said because he was speaking the absolute truth when he indicated that we had a dynamic oil industry in western Canada, particularly in the Province of Alberta. He said that it was dominated by small Canadian companies, particularly in the drilling, service and supply sectors. Those enterprises were in business for ten years to 15 years but many of them were forced into liquidation or into bankruptcy. This is a sad tragedy.

There was some suggestion that the budget would help the energy sector. Referring to the April 21 edition of the *Edmonton Journal*, Mr. Hans Maciej, an economist at the Canadian Petroleum Association, is quoted as saying:

The federal budget will neither help nor hurt the petroleum industry very much—

In terms of an activity impact, there is none immediately—

When we place this behind the backdrop of the disastrous National Energy Program of 1980, we realize that the Government has yet to undo the damage it inflicted upon the industry. I repeat that the National Energy Program of 1980 cost the industry some 20,000 jobs. It forced the cancellation of many major megaprojects. My colleague outlined its impact not only

on western Canada but on Canada as a whole. I remind the House that every job created in the oil industry produces two other jobs in other parts of Canada. We know the difficulties of the petrochemical industry. The fact of the matter is that Canada was once a world leader in that industry, but because of heavy upfront taxes the Canadian petrochemical industry is non-competitive on world markets.

There is still potential in the energy sector, such as the potential of a heavy oil upgrader in the Lloydminster-Wainwright area. It would involve an investment of some \$3.5 million to generate some 93,000 man years of work. We have a situation where Petro-Canada is exploring for oil in China to help China become self-sufficient, but we are no closer to oil self-sufficiency in real terms than we were when the National Energy Program came into place. We have failed to turn our energy advantage into an economic advantage, and we have that opportunity.

● (1240)

I repeat, in the course of this whole exercise we have destroyed a very vibrant service and supply industry. The Hon. Member for Crowfoot is correct; of some 400 rigs in western Canada, there are less than 50 which are currently working. The Hon. Member used the figure 32; I know it is less than 50. Even with the initiatives taken by the Alberta provincial Government, we will be lucky if we get 100 rigs working out of the 400. What a disaster! What a change! Here was a golden opportunity for our young people that is lost. Many western Canadians are involved in the energy sector. Rather than building upon that potential, we have a deliberate Government policy which has destroyed that opportunity and potential.

I turn now to agriculture. This is another area with tremendous potential which was literally ignored in the budget speech. We are all aware of the difficulties that the farm community has experienced, particularly since 1980. In excess of 400 bankruptcies have occurred in the farm community. That is only part of the story. It does not take into account those who liquidated voluntarily or gave up. The situation in western Canada is such that bankruptcies are up by 200 per cent. The banks are not helping the situation, nor is the Minister of Finance who has undertaken to examine and to deal with the banks which are ripping off many of our farmers by imposing severe penalties upon pre-payment of mortgages.

I have a situation in my constituency where a certain bank decided to suspend an operating loan. The customer was forced to move to another bank where it arranged credit facilities. The amount owing was in the order of \$378,000. Because the mortgage was pre-paid, the bank imposed a penalty of \$42,561. A competing banker told my constituent that was three times the normal three-month interest penalty required for pre-payment of mortgages.

Two months ago the Minister undertook to deal with this and to issue an ultimatum to the banks either to clean up their act or face the consequences. I challenge this Minister now to