

The Address—Mr. Jelinek

them. I am sure that every member of this House is here for the primary purpose of keeping Canada unified and it seems to me that the Prime Minister, with his recent remarks, might be better suited to govern a single province rather than the whole of Canada.

Some hon. Members: Hear, hear!

Mr. Jelinek: At this time I would like to take the opportunity to add my congratulations to the Speaker on his re-election to the House. As a new member, I can only say how highly he is regarded by the many hon. members I have talked with. I look forward to his guidance which, along with all new members, I will certainly be needing in the weeks and months ahead. I would also like to congratulate the hon. member for Halifax-East Hants (Mr. McCleave), who I know will do justice to his position as Deputy Speaker.

I would like to congratulate the Prime Minister, as well, on the second big romance of his life. Even though I am new to the House, I have been told that romance and politics do not mix. I am sure that his first romance will have a long and prosperous life, unlike the second which is doomed to failure.

As we all know, Mr. Speaker, some of the greatest problems facing us today are the continuing rise of inflation, unemployment and the general instability of our economy. I can think of no better example than my own business experiences during the Trudeau years to demonstrate the many flaws in the government's over-all economic policies. Unfortunately, my experience is not an isolated example but is a far too common happening in Canadian business today. I started a small manufacturing company some years ago. In the first three years we realized a substantial growth to over \$1 million in sales, providing over 50 new jobs for Canadians. By the middle of 1971 business had become very active and we reached even higher sales which required us to expand our facilities. For this we needed further financing. Up to this point it sounds like a perfectly healthy business situation.

The crunch came when we approached chartered banks, and finally the Industrial Development Bank which theoretically was created to promote the economic welfare of Canada with particular consideration to the financing problems of small enterprises, in other words, to help small businesses across Canada and thus stimulate a healthier economy. It took us close to a year to obtain a relatively small loan from the IDB, which cost us in legal fees nearly 10 per cent of the loan. Our collateral to the IDB was almost four times the value of the loan. As a matter of fact, it took so much for collateral that if I had told them my grandmother had gold fillings in her teeth they probably would have wanted those as well. On top of all that, the interest rate was 11½ per cent. I do not call that helpful to anyone.

Eventually, like many other Canadian manufacturing companies lacking growth capital in order to create jobs, curb inflation, and generally in a small way help the over-all Canadian economy, the American sharks were biting at our heels. To make the story short, we were finally offered to be bought out by an American firm that had already been offered the required capital for the takeover by the same Canadian bank that had turned us

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down, to stay Canadian. In other words, it is the same old story of being bought out with our own money. Fortunately, they made me an offer that I could refuse.

Some hon. Members: Hear, hear!

Mr. Jelinek: We have taken note of the fact that small business failures in Canada in 1972 were at record levels and the trend is continuing in 1973. The over-all level of business failures for some months was the worst since the depression. We have taken into consideration the fact that small business ownership suffers from lack of adequate capital, higher interest rates and excessively high taxation. We have taken note of the fact that the government of Canada appears to believe, as we do, that tax incentives granted to the larger corporations produce beneficial results.

As a means of promoting small business, our party has proposed, among other things, allowing Canadian citizens to deduct from their income tax half of any amount up to \$5,000 invested in small Canadian companies. The Prime Minister's response to this proposal has been an interesting one. He has said that it would be inflationary. But of course, Mr. Speaker, you must remember that this is a statement from the same Prime Minister who told the nation last fall that he did not think the rise in food prices was a very serious matter because it was good for the farmers.

Also last fall, the Minister of Finance (Mr. Turner) stated, with respect to our proposal to encourage personal initiative and community enterprise, "it would provide an opportunity for some individuals to reap a rich bonanza . . . without meeting any demonstrated need of small businesses for funds." This is an insult to the individual and an affront to the business community. We have stated that there is a desperate need for incentives to the small business community in Canada to help it grow, while the Minister of Finance has said that small businessmen have not demonstrated the need. Well then, Mr. Speaker, who has demonstrated the need? Perhaps the government is demonstrating the need—the same government that estimated that the budget last year, for special services and outside consultants, was \$531 million. These tax-supported consultants were superimposed on the public service of Canada. They have been described as arriving in Ottawa by the planeload every Tuesday and leaving by the planeload every Thursday. The government has advisers advising advisers and consultants consulting consultants. The government of Canada today has the most serious case of "the files" in its history. No one knows what they do; it is secret and confidential. We only know the cost.

With four years of investigating, analysing, consulting and advising, why was there not a policy for unemployment insurance that was not a recipe for bankruptcy, a policy for economic independence that would satisfy someone other than the Secretary of State for External Affairs (Mr. Sharp), and why was there no policy for small businesses at all? In my opinion there is no logic in a policy that would allow the unemployment insurance deficit to soar to such unbelievable heights while ignoring the key areas in the economy that would greatly assist in the creation of jobs.