

*Small Businesses Loans Act*

decades are being forced to sell out or close up their doors that I become very concerned with the direction the country is headed.

It goes without saying that every Member of Parliament has received a great number of representations from small businesses in their constituencies. I certainly have in the few months I have been a Member of Parliament. All the concerns to which I have listened and the letters I have received carry the same theme—less Government interference and more tax incentives to provide a healthy environment for free enterprise to exist.

For the record I would like to read comments from a completed questionnaire distributed by the Canadian Federation of Independent Business. All of us in the Chamber are familiar with these, but this particular one is from a small-business owner in my riding who wrote:

The economy has gone from bad to worse. Who is really doing anything about anything? As a small-businessman, we are hanging by our fingernails while the federal Government keeps piling on.

A further quotation from the same individual:

We, the small-businessman, cannot make the ends meet any more. Government is too demanding, taking so many of our dollars for everything it's ludicrous! They must be stopped at all costs!

As we are all aware, these questionnaires are distributed by the Canadian Federation of Independent Business at regular intervals. They provide Hon. Members with a great deal of information and interesting comments. I am sure the sentiments expressed by my constituents hold true across Canada. Whether it is a small business in Halifax or a small business in Kelowna, they all face the same problems and have the same concerns.

Ten years ago only 3,000 businesses went bankrupt. Today almost 11,000 have given up. This is an increase of almost 266 per cent in ten years, a situation which is completely out of control. We in the Opposition know only too well that this situation has to be brought under control and that Government action is needed now.

● (1630)

Let us look at what the Government is doing or not doing, as the case may be. What the Government is doing is trying to raise tax revenues to pay for its ever-increasing debt through measures that are, in effect, damaging to the small business community. For example, small-businessmen will no longer be able to participate in the new deferred profit-sharing plans which have been responsible for the continued healthy operation of many small firms. In effect, this will prohibit the owner of a company from providing for his or her own retirement out of the profits of the business, forcing them instead to turn to Registered Retirement Savings Plans as their only avenue. Unfortunately, these plans do nothing to stimulate the economy and, in effect, put money in a place where it cannot be used to increase investment in small business.

Other measures, such as the 12.5 per cent small business dividend distribution tax and the increased taxes on employee benefits, have also put unnecessary burdens on small businesses and have increased the phenomenal amount of paperwork with which they are forced to deal. Quite often they

simply hand it all over in sheer frustration to their accountants because they can neither decipher nor handle it all.

Instead of making things easier for small businesses, instead of eliminating the red tape of government regulations, instead of stimulating investor confidence in small businesses to maintain a positive climate to encourage the small entrepreneur, the Government is doing the exact opposite. It is making things more difficult, it is creating more red tape, and it is driving away potential investors who put their money into Registered Retirement Savings Plans instead of Canadian companies.

The Government has also taken away the thrust of the Small Business Development Bond which was introduced by a Conservative Government in 1979.

**Mr. Baker (Nepean-Carleton):** I have never seen the Government look better! There is not one single Liberal Member in the House.

**Mr. Munro (Esquimalt-Saanich):** Not one Liberal Member is to be seen.

**Mrs. Cossitt:** At that time, it provided incentive and much needed assistance to small businesses. The present Government has reduced this measure to a shadow of its former self and it will now provide assistance only to those firms in severe financial trouble. However, the bond has achieved little success because of these changes. What is happening is the banks are refusing to lend money to any company that is in enough financial difficulty to qualify for the bond.

What this Government is creating is an environment of uncertainty, an environment in which no small business can survive, an environment that does not encourage the small entrepreneur to expand. Yet despite this adverse climate, 150,000 new businesses started up last year. The spirit of small business is alive. There are still people out there willing to take a chance in the free enterprise system and try to make a go of their particular interests despite a continuing uncertain economy, despite high interest rates and despite tax laws that benefit no one but the public purse. The Government should be taking advantage of this entrepreneurial spirit instead of trying to squelch it through its own fiscal mismanagement and detrimental tax laws.

We should be encouraging this spirit and there are several ways that we can do this. We could revamp the Small Business Development Bond so that it will relieve the interest rate burden on small businesses. A 3 per cent reduction in interest costs would give many small businesses the extra boost needed to maintain a viable operation.

We could make it easier for small businesses to obtain debt financing through the Federal Business Development Bank so that they get the capital incentive they need now. Tax credits would also provide incentives for investors to put their money into Canadian business and provide those businesses with much needed capital funds.

We need to cut back on the load of paperwork with which the Government has burdened these businesses. Simplifying