

adopt as its motto the slogan of every good manager: product, quality and price.

We must make our products competitive. Well before they become obsolete, we must already be developing new ones. The Budget has introduced changes to the definition of research and development so that more enterprises will be able to benefit. Our small- and medium-sized businesses have not lost their sense of creativity, but it must be revitalized.

If we are not active in certain areas, perhaps we should ask ourselves why. Hi-tech companies are scarce in Quebec, that is a fact. But where are the incentives for such firms? Language and fiscal barriers, for instance, have tended to discourage companies and investment in this area. Although we may not get those hi-tech companies overnight, we can at least start by creating a climate that is favourable to their growth and development.

Our firms are just as competent as others in foreign countries. We have here in Canada everything we need to compete on international markets. Our efforts must be directed towards export products, but beware, they must bear the seal of quality. We do not stand to gain much encouragement by comparing the number of American-Canadian car recalls to that of imported cars. We do know that the standards are identical in both cases.

Canadian companies have to set their own production targets and, as required, replace obsolete equipment, expand or bring in new blood. I am proud to remind the House that small- and medium-sized businesses need look no further than the Budget to find provisions under which they can obtain the funds needed for such investments.

Businessmen now see a way out of their stagnant situation. Conditions will improve, businesses will gain strength, and at last they can see the light at the end of the tunnel.

Small and medium-sized company management fully appreciate that the incentive measures announced on May 23 will improve the economic and financial outlook. Success rather than effort will be rewarded. Every businessman will be goaded into action by the new Government tax measures.

And we know what those measures are.

One. The lifetime \$500,000 capital gains exemption. This additional financial input will enable management to direct those funds towards better planning of future business. Close to one million Canadians will benefit from this measure, an open invitation to invest in small and medium-sized businesses.

Two. Budget measures make it easy for pension funds to invest in small and medium-sized company capital stock. RRSPs and registered retirement income funds can also be channelled into private Canadian companies. Even the labour movement is urged to invest in businesses. This can be a reliable pool of capital for small and medium-sized businesses, a new source of capital funding.

#### *The Budget—Mr. M.R. Tremblay*

Third. The fully refundable tax credit on the first \$2 million in eligible expenditures on research and development each year. As you know, Mr. Speaker, small and medium-sized companies were so far limited to 40 per cent of the tax credit and most of them could not really afford to go into research and development. The funds required to maintain day-to-day operations did not leave enough leeway to consider investment in research.

Four. The extension of the small business bond program, a readily available source of funds for companies temporarily strapped for cash.

Five. Unemployment insurance premiums will be frozen in 1986, leaving more money in the hands of companies. A thorough review of the UI program will be undertaken later.

Six. Small and medium-sized companies will be exempt from the 5 per cent corporate surtax.

Seven. Business fluctuations often made it difficult for small business owners to make regular contributions to an RRSP for their retirement years. Henceforth they will be able to carry forward unused contribution room for seven years.

Eight. A new tax credit to individuals investing in the Quebec Solidarity Fund.

Nine. The documents tabled with the Budget contain a proposition aimed at significantly reducing the basic federal tax of small companies—from 15 to 11 per cent.

The total amount of money that these measures will make available for the SMB's may help investment within the individual business in improving manufacturing processes, updating equipment, increasing production, paying interests on loans, and so on. The previous Government was unable to motivate the business community and neglected private enterprise. But this Government has brought down a political budget which by itself scorns the complexities of a strictly accounting budget.

The end result of all those measures will be a decrease in the burden of the SMB's. In turn, their financial resources will increase. New firms which to this day had difficulty attracting investment will from now on have all the support they need. The new budget will have reached its goal, which is to be a catalyst for the Canadian economy.

I for one am committed to using in my beautiful constituency of Quebec East all the energy needed to get business people involved, and I urge my colleagues to do the same, and make entrepreneurs aware that their daily involvement is vital to the success of this budget. I would even offer my support to other Hon. Members who defend that view.

Crippled businesses must be revived at all costs, business leaders must concentrate on creating jobs and carrying out the research work needed in order that the economy may go forward, for humanitarian if not philanthropic reasons. Humanitarian, because even with the profit motive, a business can