

*Small Businesses Loans Act*

clause which countervailed the original one. Soon my constituent, the businessman, realized that there were several other publishing companies doing identically the same thing he was. In fact, he tailored his masthead on the publication to suit the conditions and terms laid down by Revenue Canada. As soon as he did that, National Revenue found another reason why he did not qualify under the terms and conditions. He found several other businesses doing the same thing. But Mr. Speaker, National Revenue replied: "Sorry, you still do not qualify. What we will have to do now is to punish the others you have discovered on our behalf." That shows the antagonistic attitude of this Government toward businessmen.

I have another example. I had a businessman call me a few weeks ago. He was operating a branch company in my community. He had a young man come to him begging for work. He kept coming back and asking whether there was something he could do. The businessman scrounged around the company and said: "I think I can find some work as long as there is no additional bookkeeping overhead for me so I can justify you to head office". The businessman called National Revenue downtown. It did not matter what kind of a formula he devised for National Revenue because it never was adequate to enable him to hire this extra person without creating extra expense for himself.

● (1520)

I finally told him that I believed one should adopt a different approach to National Revenue. One should not call National Revenue to ask if what one wants to do is acceptable; one should call them and say: "This is what I am going to do. What is the best way of going about it?" If National Revenue is given the opportunity to say no, they will do so. That is their style.

As I said at the outset, it is probably beneficial that we are passing this legislation and providing these additional borrowing opportunities for the small business community. The necessity for this legislation becomes evident when one reads headlines such as the one in the *Ottawa Citizen* of March 15 which says "Bankruptcies in Canada Rising"; or the headline in the *Gazette* of January 18 which says "Liabilities Double in Bankruptcies"; or the headline again in the *Ottawa Citizen* of January 18 which says "Bankruptcies Up 33 Per Cent in 1982". We must support this legislation but it is a tragedy that the Government does not realize that the real problem facing the businessman is not so much the ability to borrow but the ability to make a profit which, in turn, rewards him and enables him to stay in business.

Therefore, while we will pass this legislation and welcome it, we realize it is not the solution to the economic problems facing Canada today.

**Mr. Bill Kempling (Burlington):** Mr. Speaker, while we are pleased to see this Bill come before the House, it was necessary in order to continue the life of the Small Businesses Loans Act in any event.

The small business portfolio could be one of the economic recovery engines for the months ahead. To be effective, however, it must go far beyond the present limits of the Act. Most small businessmen who could utilize this Act need operating funds. They have been ravaged by high interest rates and other increases in expenses that are beyond their control. Such expenses as insurance, telephone charges, Unemployment Insurance premiums, workmen's compensation, gasoline taxes, municipal taxes and so on have all contributed to the dilemma confronting a small-businessman. Therefore, this Act should be amended further to allow funds borrowed under this Act to be used for operating expenses. When one sees the dimension of the real crisis facing the small businessman, I am sure Hon. Members would agree with that amendment.

To a minor extent, the problem they are facing is aided by the Small Business Development Bond. This instrument is only used after a business is threatened with a cut-off of operating funds from a bank. It is last ditch or dire straits legislation—to coin a current phrase—that is utilized if time permits. That time is the period before the bank closes down a business.

One needs only to look at the bankruptcies in the 1980-82 period to appreciate the crisis. In 1982 there were 10,765 business bankruptcies, 410 farm bankruptcies and 30,463 personal bankruptcies. The amount of losses through business and farm bankruptcies in 1982 was \$2.33 billion. Personal bankruptcy losses would be in addition to the business and farm losses.

Some of these people will make it back into business and some will not. Our concern should be to see that the survivors, those who are still conducting business, continue to survive. We should also see that those who have gone under or have become bankrupt and seek another chance are able to find a financial atmosphere to accommodate them and provide a lesson from their unfortunate experience.

The small businessman desperately needs the ability to restructure his balance sheet. The sooner this is accomplished, the sooner revenue in the form of taxes from profits will flow. We are all aware today that Government revenues are substantially down from what was anticipated. Regardless of the cause or the politics of revenue decline, the fact is that it must be replaced in some measure if economic recovery is to be sustained.

You will note, Mr. Speaker, that I am not talking about massive Government grants or hand-outs to small business. Most would reject this approach in any event. What must happen instead is that the Government must recognize the position of small business in our economy, the contribution it makes to tax revenues and employment stability. It must recognize the importance of the ability with which small business can change direction and adjust to the market, to innovate and adapt in order to survive.

I suppose that aside from being able to conceive an idea and convert it into economic activity from which a profit may be realized, the constant challenge of a changing market is the major stimulation to the entrepreneur. Running small business is an art. It is every bit as creative as painting a picture. To