

respond to the factors that have led up to the pressures we now find building up in the Small Businesses Loans Act.

It is my contention that regardless of Bill C-84, the Small Businesses Loans Act will not be able to meet the demands that will be placed on it beyond the next six months. Small business people applying to that fund for loans will be told that they are out of funds, as is the case with so many assistance programs such as the Farm Improvement Loans Act. I say this as a result of the November 12 budget and in particular its emasculation of the Small Business Development Bond.

Despite the delays and the hesitancy of the banks, that bond over the short period of two years it was in operation removed a great deal of the pressure that would otherwise have fallen on the Small Businesses Loans Act. About 10,000 businesses borrowed over \$2 billion, primarily for business development purposes. By all accounts, save for firms already in financial difficulty, the Small Business Development Bond proved to be a success.

It is estimated that only 5 per cent of the borrowers assisted under that program were persons in financial difficulty. The 95 per cent of the borrowers represented persons expanding and hiring more people. One is left to wonder with this kind of history, a history of record, how that program will be converted to a means of helping firms and businesses in financial difficulty.

In one fell swoop the budget cut out the development aspect of the bond and by a grand stroke of bureaucratic doubletalk was able to render the bond all but meaningless. I am joined in this assessment by the Canadian Manufacturers' Association, which described the small business bond as virtually useless. In its first rate analysis of the budget, the Canadian Manufacturers' Association found that the 6 per cent threshold being applied to the small business bond seemed to imply that in order to qualify a firm must be bankrupt, in receivership or in default and at the same time making a profit. Perhaps that explains why the chartered banks are so hesitant in participating and making available this bond to the average businessman.

A greenhouse operator in my community has the capital investment, but he is caught in the high interest squeeze and has a cash flow problem. His greenhouse is heated by natural gas. He is not more than six weeks in arrears but has been threatened with having the heat for his greenhouse cut off. In his attempt to find interim financing, he is rejected by the bank. The Small Business Development Bond is not available to him because he has been told it is placed on hold. He cannot get assistance under the Farm Credit Act because he has not been rejected by the Small Business Development Bond program. What answer can be given to that businessman, or is he to be just one more going out of business?

A month has gone by since November 12 and to my knowledge no small business in Canada has been able to obtain a small business bond. I am told that farmers have fared slightly better; a grand total of three farmers have had success on their applications. These are hardly figures a government can be proud of, and I am appalled that the minister would

come before us and say that the small business bond is a positive means of assisting the businessman.

The fact is that the bond is a bust and has been closed off entirely for development and expansion purposes. Where are the 10,000 firms which used that bond now going to turn? One answer is the Small Businesses Loans Act and the resources of that program. Bill C-84 notwithstanding, it is not going to be adequate. In just two years of operation, the Small Business Development Bond made available more development funds than the whole of the Small Businesses Loans Act in its 19 years of operation.

In short, this government has to face the fact that small business is in trouble and at the same time it has to recognize that small business is worth saving. By the government's own reckoning, there are some one million small businesses in Canada and those small businesses, firms and organizations, represent 97 per cent of all business in Canada. At a time when unemployment is high, 8.2 per cent in the month of November, small business accounts for 42 per cent of private sector employment.

In my riding of St. Catharines, which I am proud to represent, unemployment is becoming a chronic problem and higher than average, now 9.1 per cent. The contribution of small business to that city's economic life cannot be underestimated. Out of a population of some 125,000 people, small business employs 42,473 people on a full-time basis and 9,200 on a part-time basis for a total of almost 52,000. I might add that the 2,700 stores and offices in that city occupy almost 8 million square feet of accommodation, a significant contribution to the construction and real estate industries.

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Unfortunately, many of these businesses are now caught in a sales slump combined with the problems of a low economic community, high unemployment, inventory and loan costs. Many of those businesses will not be able to meet the costs they are faced with today.

Where will those persons now turn for affordable financing? The Small Business Development Bond is a cruel hoax. The banks are too busy looking at their profit picture to assist. The Small Businesses Loans Act is not available for refinancing or working capital purposes. Of course, the answer is that there is now nowhere to turn. That is what happened to my greenhouse operator.

We have seen in the November bankruptcy statistics that even as the Christmas buying season approaches, a season that traditionally accounts for 25 per cent of annual sales, 790 firms called it quits and filed for bankruptcy. We have no way of knowing, as has already been pointed out, the great number of others who have simply closed their doors or walked away. The minister's remarks today will be little appreciated by those people who have lost everything, while he extols the virtues of the government's small business loan programs. For the over 6,000 businesses that went bankrupt in 1981, it is little comfort to be told by the minister that Canada has the best