

Small Business

follow the wishes of John Bulloch to the "t". I repeat, I am more satisfied with the United States Small Business Administration outcome. Their small business act has worked effectively and proficiently for the United States small business sector.

I believe that if the government is serious in dealing with the problems of small business, the most realistic and effective way of committing itself to these problems is to implement a small business act. This we are recommending.

The small business act would co-ordinate and define federal law and policy affecting the small business sector. Such an act would adopt the definition of small business used in other effective legislation as "owner operated companies not dominant in their field", as I said earlier. More important, that act would ensure that a small business program is not tucked away and isolated in some department whose first concern lies elsewhere.

The independent secretariat would then, as a result of this act, be committed to deal with the problems first hand. It would ensure that the decisions of other federal departments and agencies reflect the interests of small business. It would exempt small businesses from the application of federal legislation potentially harmful to them.

What legislation is harmful? For example, in the present case of import quotas, we accept the need to limit temporarily footwear and textile imports to a percentage of the Canadian market. That is a piece of legislation offered by this government which has, indeed, been harmful to many Canadian small businesses. The Minister of Industry, Trade and Commerce (Mr. Horner) has muddled what ought to have been a positive move to protect Canadian jobs. Some would suggest that he has destroyed more jobs through store closings caused by the quotas than are protected by these import restraints.

I am sure the minister knows that by imposing the quotas for the protection of large shoe manufacturers or textile manufacturers he has forgotten, or ignored as is the case on most occasions, the small business sector which automatically falls within those quotas. The small specialty shops across the country cannot compete with the large manufacturers in any way but they also fall under these import quotas on textiles and shoes, and they go bankrupt as a result.

There are many cases of this. I have received a number of concerned letters in my own office and I am sure the minister has received similar letters. I have received representations from small business shoe retail outlets across the country and the same with textiles and clothing stores which import specialty items from, for example, Italy or Mexico. So the job of the independent secretariat, instead of being dictated to by IT and C and by the other large departments and instead of going through red tape in order to effect anything on behalf of the small businessman, would be in a far better position to deal separately with small business and keep it away from the harmful pieces of legislation that are good for the large corporations but not necessarily good for the small ones.

We have yet to hear the small business minister either publicly denounce the treatment small retailers have received

at the hands of the quota administrators or to intervene to protect small retailers from the disastrous effects of such quota administration. Our proposed small business secretariat could exempt when necessary small firms from such harsh regulations. It would intervene before the regulatory body to assist the development of clear criteria for small business that would consider the problems such quotas may cause when constructed and administered without thought for these small firms.

I believe I have indicated that the only action this government has taken thus far, generally speaking, was to reshuffle old programs and amend and update existing legislation, whether it be changing the IDB to the FBDB or amending the Small Businesses Loans Act in order to keep up with the times. But even those amendments are not realistic. For example, in the loans act, those businesses eligible are defined as a small business enterprise whose estimated gross revenue does not exceed \$1.5 million a year. You will recall that this is one of the amendments that increased the gross revenue from \$1 million to \$1.5 million.

• (1622)

On June 13 I moved a motion in the Standing Committee on Finance, Trade and Economic Affairs as the Small Business Loans Act was being amended, and I quote in part the text of that motion as follows:

—to change the definition so that subsidiary companies with parent companies who have sales over the amount (\$1.5 million) . . . would not be eligible—

The then minister of small business was forced to accept the concept embodied in my motion. In committee he stated:

I have accepted the spirit of the recommendation. I make a commitment that we will bring forth an appropriate amendment at the report stage.

Although promises were made, the amendments to the Small Businesses Loans Act passed the House of Commons on June 13, 1977, without any reference to the ability of subsidiaries of large multinational companies to receive assistance under the act.

According to this legislation, which is the law of the land, today a small business is one having less than \$1.5 million in sales. Let us consider several of these companies. There is, for example, Nordex Explosives Ltd., based in Montreal. Their sales in 1976 were \$855,000. This company is safely under the small business sales limit of \$1.5 million. But is this company in fact a small business? I would argue that it is not. And I think the major shareholder of the company, the Dow Chemical Investment and Finance Corporation of Michigan, would be rather surprised to hear that a company they control is a small business. Dow Chemical's assets exceeded \$7.7 billion in 1977.

Another Canadian firm which appears to fit into this small business definition in the legislation, with only \$1.3 million in revenue, is Debold (Canada) Ltd., a subsidiary of De Beers Consolidated Mines Ltd., the international conglomerate holding a near monopoly in the world diamond market, yet they are eligible under the Small Businesses Loans Act. There are many others. There is Husky Leasebacks Ltd., and the list goes on and on. It is sufficient to show that a definition based