

Small Businesses Loans Act (No. 2)

drop regulations as the Americans do, so that in many of our industries there are disincentives which work to the disadvantage of the economy as a whole. Furthermore, if our neighbor to the south adopts a bad regulation, there is a rush to duplicate it here in some areas of our economy. It seems to me that there is always a rush to control and to regulate. After they regulate by placing rules in the *Canada Gazette*, the bureaucrats then interpret those regulations and, in many cases, they confuse the issue further.

Let me illustrate briefly with one typical example. We have heard it said in this house time and time again that we need more manufacturing in Canada to create more jobs, to reduce our balance of payments, to reduce our reliance on imports, to create export possibilities and so forth. The bureaucracy has developed a whole series of regulations regarding manufacturing. The Department of National Revenue will give you a sales tax licence as a manufacturer of a product. The Department of Industry, Trade and Commerce will give you a remission order to import machinery for the production of goods. The Department of Finance and Statistics Canada will classify you. The Department of Employment and Immigration will develop a training program for employees in your manufacturing program.

But all this can be brought to a halt because the term "manufacturing" cannot or will not be defined by the bureaucracy of government. They, the bureaucracy, can decide on their own, for their own purposes or for political purposes, whether or not you should survive. They can deem that you are not a manufacturer by adding a percentage of Canadian content that you must achieve or by deciding what may or may not be included as Canadian content. They can put you in a position where the rise or fall of the Canadian dollar will cause your Canadian content to fluctuate so that at the lower scale of the dollar you attract a penalty and at the upper scale you are okay; but the reality is that you have no control over the movement of the Canadian dollar.

It is with this sort of nonsense that we are regulating Canadian business, and particularly small business, beyond the statutes and beyond the regulations. Small business is being regulated by unwritten regulations enforced by nameless, faceless people who hold the success or the failure of a business in their hands. The business community is powerless to act against such power. You either comply or they squeeze you dry. You have no appeal except to those who make the regulations, and they do not want to listen.

While I support Bill C-84, I do so with these reservations. We should open up the market so that private capital can become involved in the venture capital field, and we should have an economic ombudsman with the power to override bureaucratic decisions and hold the bureaucracy responsible for the economic failures caused by its actions.

Mr. Joe Reid (St. Catharines): Mr. Speaker, anyone who listened to the words of the Minister of State for Small Businesses and Tourism (Mr. Lapointe) would have been left to wonder why all the fuss out there in the business world and particularly the small business world. Can it be true that our

economy is in recession, and can small businesses really be going bankrupt in the record numbers reported? Could over 140,000 people really be laid off within the last 90 days?

The minister and his parliamentary secretary cite Bill C-84 in conjunction with the November 12 budget as the answer of the government to the problems facing the business world; that leaves us wondering whether we are wrong and they are right. However, the fact is that Bill C-84 is woefully inadequate, and the minister's remarks are an insult to the business community. That community is in serious trouble. The minister's speech carried no comfort for the small businessman who is being driven to the wall by high inventory costs and slumping sales. In conjunction with that, the merchant, who is the largest user of small business loans, can no longer stock his inventory shelves.

● (1630)

What is at issue, and it rather infuriates me, is that in the face of this deepening recession the only answer the government has to offer to the best job-creating segment of our community is this bill. The minister has the gall to say the government cares for small business. Presumably it will still be caring after there are no small businesses left to care about.

No one can argue that the Small Businesses Loans Act has benefited that part of our business community that it was meant to serve over the years since 1961. The act has been amended from time to time and has reasonably kept pace with the inflation and economic circumstances of those times.

My complaint today is that Bill C-84 can easily be demonstrated by a look at the Small Businesses Loans Act itself. The minister talked in terms of its being a very popular act. Let me put it this way. Since its enactment by the Diefenbaker government, over 82,000 loans have been made for a total of \$1,250 million. Almost half that total was in the period 1977 to 1980. Indeed, comparing 1979 with the 1980 figures, it will be seen in that year alone that there was an increase of over 52 per cent in the number of loans made and a 53 per cent increase in the number of dollars loaned.

This means that significant pressures are being placed on this program, pressures that are a direct result of the downturn in our economy and the mismanagement of government enterprise. At the same time, it comes as no surprise that the heaviest users of the program are those in the retail and services areas, accounting for almost 65 per cent of all moneys borrowed.

Despite this heavy use and despite our failing economy, it is a credit to the business community that defaults, that is to say, the number of times the government has had to honour the guarantee provisions under those loans, have consistently been low. For example, in 1980 such defaults were less than 1 per cent of the total amount loaned out that year. As a result, the risk factor to government has been slight.

The figures clearly show a trend as an increasing number of businesses are turning to programs such as the Small Businesses Loans Act to obtain loans. Bill C-84 is an acknowledgment of that fact. However, neither Bill C-84 nor the budget