small enterprises in their financing of capital improvements. The legislation was aimed at furthering the efficiency and the competitive strength of small-business enterprises and, in doing so, to ensure that small businessmen and women would continue to share in Canada's economic progress.

Since its inception, the Small Businesses Loans Act has undergone a number of significant changes. For example, the categories of eligibility for potential borrowers has been broadened; another example is that the amount permitted by any borrower has been raised; and finally, the interest rate formula was amended permitting a lender to charge a maximum of bank prime, plus 1 per cent.

Today's amendment increasing the amount of government guarantee is important and necessary. It will not be opposed by the Conservative Party. However, lest the small business entrepreneur in Canada and all Canadians forget—and we on this side covenant not to allow the people of Canada to forget—the present government has demonstrated by its record that it is the mortal enemy of Canadian small business entrepreneurs.

The record of the government is one of callous neglect and unparalleled insensitivity to a sector of our economy which employs more than 60 per cent of our workers. There is nothing that reflects such insensitivity and naivete more than the proposals contained in the budget of the Minister of Finance (Mr. MacEachen) as it impacts on small business entrepreneurs. I will have considerably more to say in a few minutes with regard to this matter.

Before the budget was brought down on November 12, the economic hardship which tens of thousands of Canadians had to endure this year is difficult for words to exaggerate. Over the past six months, prime rates have reached the extortionary height of 22¾ per cent, and on budget night interest rates were perched at the lofty level of 17.25 per cent. Each one of us has witnessed from the focus of our local constituency office the tragedy of businesses buckling under the strain of the interest rates, of families renewing their mortgages at rates that they cannot afford and the whole toll of human tragedy that 20 per cent interest rates creates.

On budget night, inflation was running at 12.7 per cent, without the burden of new energy prices having been absorbed into our economy and in the wake of the warning by the Governor of the Bank of Canada in his speech in Calgary where he said that our inflation was a made-in-Canada inflation and that interest rates which savaged small-business men and women would continue unless inflation was brought under control.

We now know that during budget month 790 Canadian businesses went bankrupt, compared to 531 in the same month last year, a staggering increase of 50 per cent, while at the same time there was a 29.4 per cent increase in personal bankruptcies over the same period, primarily due to high interest rates. In the two months prior to the budget, unemployment had soared to 8.3 per cent in each month, dispelling the minister's forlorn hope that economic indications of unemployment were mere statistical aberrations.

It is against this backdrop, this era of recession, this season of concern and doubt, that all Canadians sincerely hoped that the budget of the Minister of Finance would be a blueprint of future economic stability, which we all so earnestly desired. It was on November 12 that the Minister of Finance delivered such a crippling blow to the small business community in Canada. The budget of the Minister of Finance made sweeping retroactive changes to many of Canada's basic tax provisions.

In 1969, when revolutionary tax changes were proposed, Canadians were given an opportunity by way of a white paper to discuss and to react. They were then weighed with respect to the changes that might have been implemented. But there was no white paper in this case; there was no discussion, criticism or input which allowed the business community and Canadians in general to assess the weight of the proposals.

What we have here is a document written by tax officials who are totally insulated from the Canadian business community. They have been misguided and they have made unconscionable changes. They have demonstrated a shocking lack of practical knowledge of the Canadian business community. I believe that the Minister of Finance is now recognizing the garden path that his department officials have led him down.

In the next few minutes, Mr. Speaker, I should like to examine a few of the tax changes and how they affect the small business community in Canada. For small-business men and women in this country, there is no equity in this budget. It is a recipe for pain and suffering.

In a budget replete with disincentives, gross misrepresentations and obstacles to the businessmen and women in Canada, there are few provisions which match, in terms of disappointment, the gutting of the Small Business Development Bond. When the bond concept was first introduced in the House in the Conservative budget of December 1979, its purpose was to give the small business community a real incentive to expand and develop their businesses. The vehicle by which this expansion and development was to be encouraged was a preference in the interest rate to be charged on moneys borrowed. Specifically, the rate could be determined by taking half the prime rate plus the bank's spread, which was normally between 1 per cent and 2 per cent. Thus, if the prime was 18 per cent, as it almost is today at 17.75 per cent, the cost of the bond would be 10 per cent or 11 per cent per year, depending upon the borrower's financial rating at his or her bank. The benefit to be derived from the bond in encouraging expansion and development was to create both cash flow and jobs in this vital sector of our economy. Additionally, it became urgent to save small businesses in a state of financial plight when interest rates soared to record highs, as we witnessed this year.

● (1530)

Was the bond under the old rule successful? It was enormously so. It saved hundreds of companies from bankruptcy by allowing those companies to take advantage of the preferred rate of interest. Equally, the bond was a vital vehicle of development and expansion in an economy where the record