

*Small Businesses Loans Act*

In addition, the loans under this act are available only for expansion of equipment, premises and land. There is no availability of loans under this legislation for operating capital. We should, therefore, be considering expanding the scope of this Small Businesses Loans Act to include operating capital.

As well, this amendment to this legislation is no substitute for sane interest rates. We need generally low interest rates in order to ensure access to capital for small business for all purposes.

The raising of the ceiling for loans under this legislation is also no substitute for sound economic policies, and it is no substitute for a growing economy, for one of the things that small business needs most is a demand for its services and a market for its goods. Because of the limited capital on which small businesses operate, they are very vulnerable to economic downturn and recession, and that certainly is the state of our economy at this point. Raising the ceiling under this legislation also does not in any way replace the need for a general and comprehensive business policy.

The New Democratic Party has many suggestions in this area which we would encourage the government to pick up on. For example, government procurement policy should favour small business. In the United States one-third of such procurement goes to small business, and we should do the same here.

The Economic Development Corporation should be helping small business find overseas markets. Research and development grants must be available, particularly in the area of high technology. Affordable capital must be made available for small businesses, whatever the purpose. A "buy-Canada" policy should be developed which will encourage large corporations in Canada to buy from small Canadian businesses. Also, when we come to the bill dealing with amending the Bank Act, which we will be dealing with next week, we must ensure that sufficient capital is allocated for small business. A great deal could also be done in the area of freeing up small business from the very heavy paper load under which they presently labour. NDP policy also deals with misleading advertising which would protect small business against unfair competition.

● (1620)

The need for a small business policy is very clearly evident from the present jump in the rate of bankruptcies in Canada. In the early part of this year, bankruptcies went up by 24.8 per cent over the same period last year. Clearly this demonstrates the need to help the small business community. This increase in the rate of bankruptcies brings the whole matter much closer to home for me because the economy of Manitoba, to a large extent, is made up of small businesses, particularly the economy of Winnipeg. For example, by way of statistical illustration, over 75 per cent of the 20,000 businesses in Manitoba are small businesses. Approximately 80 per cent of the 1,300 manufacturing companies in Manitoba are small businesses. A strong and sound small business policy is very crucial to the future of Manitoba.

Small business contributes a great deal to community life because those who run these small businesses live in the

community, are committed to it, and are not likely to pick up their business and go elsewhere. These people are residents and are an asset to the community. Small business is important, not only to Manitoba, but to Canada as a whole. Businesses with assets of less than \$1 million constitute 90 per cent of the firms in Canada and over 50 per cent of the labour force. In this context it is necessary to take note of present economic conditions. The recession which Canada faces today creates very high unemployment, reduces the market for the services of small business, and points once again to the need for policies that will help small business, policies which will stimulate the economy and bring about sane interest rates.

Once again, I would indicate that my party will be supporting this legislation, but, while it is a good measure, it is by no means to be mistaken for a sufficient measure.

**Mr. Gordon Taylor (Bow River):** Mr. Speaker, the backbone of the Canadian economy is the family farm and small business. The number of bankruptcies in the small business community is a fair indicator of the health or sickness of our economy. For instance, in 1978 there were 392 manufacturing firms that went bankrupt. The total number of bankruptcies in Canada for that year was 5,546. Right across the nation, 5,546 owners and their families suffered bankruptcy and all that it means. This figure is far higher than the bankruptcy figure for 1977.

I suggest that the minister and his government ought to pay very careful attention to the rate of bankruptcy in Canada. In 1977, 279 manufacturing firms went bankrupt. The total number of bankruptcies for that year was 3,905, as opposed to 5,546 in 1978. Those figures do not tell the whole story. The whole story is indicated by the actual dollars lost by these companies. In 1977 loss through bankruptcy amounted to \$307 million. In 1978 the figure doubled to \$638 million.

It behoves every member of this House, because all of us have small business in our constituencies, and certainly it behoves the Minister of State for Small Businesses (Mr. Lapointe) to take a look at this problem in an effort to ascertain why these companies have been going bankrupt. I should think that the minister would want to pursue the matter even further and have his department carry out a study to determine the real causes of these bankruptcies. Normally, if a person is sick, the doctor diagnoses the cause so that he can make that person well. When the doctor finds the cause of the sickness he or she can then take remedial action, either by operation or otherwise. The person then gets well.

I wonder what the causes are of the bankruptcies in this country. Since small business is the backbone of our economy, the more it expands, the more new starts there are, the less is the rate of unemployment and the greater the buoyancy of the economy, which means more income for the federal and provincial governments. If the scenario goes the other way and there are more bankruptcies and higher unemployment, the economy is stagnant and there is less money for governments, whether at the municipal, provincial or federal level.