

Small Businesses Loans Act

dollar wind-up. Indeed, Bill C-23 is the 10-cent pitch. Let us never forget that the small business sector in this country employs more workers than large corporations and more workers than governments at every level. Unlike many large corporations, 98 per cent of the small businesses in this country are Canadian owned and the profits, by and large, are used for new investment and job creation in Canada.

The last four or five years of unlamented maladministration by my colleagues to my right took a serious toll on Canada's small businesses. In 1981 and 1982 over 20,000 of Canada's small businesses went bankrupt, with an estimated loss to the Canadian economy of approximately \$3.5 billion. Of course, nearly all the businesses that went bankrupt were small businesses. In the case of small farm businesses, bankruptcies continued at record levels through 1983.

We have an image of a sector that is under siege. Does the Government do anything to lift that siege as a result of this Bill? I think not. Rather, I believe the Government has taken the existing Liberal program and has chosen to make minor amendments to the details. Of course, we do not know if the blood on the floor after the execution of "Erik the Red" will include the blood of small business.

The small business sector is one which has potential and vitality and has contributed enormously to Canada's development in the past. It is always said that the railroads built Canada, but we should remember who built the railroads. While the CPR and the precursors and predecessors of the Canadian National railroad built Canada to a point, let us not forget that small contractors logged off the right-of-way, contractors brought in the labour, often with a tragic toll due to accidents and disease. They built the roadbed, sometimes with contracts for a mile at a time. Entrepreneurs undertook the blasting, crushing and cutting of ties and indeed the haulage of many of the commodities that served the construction of the railroad. We should also remember the supply chains that were set up on a private basis to build those railroads that tied our country together.

While that participation has obviously changed form, we must ask to what extent that participation has been recognized by the Government as we debate this legislation. The recognition has been scanty indeed. The Minister of Regional Industrial Expansion (Mr. Stevens) shed a "tier". He shed tier one of the IRD program. He cut off a large number of small businesses that could have used that program for further development. Let us simply hope that the Minister has no more "tiers" left to shed.

• (1210)

Let me review the deficiencies as well as the substance of the Bill. We have an additional \$300 million granted to the total amount of loans permissible, and that we can all applaud. We have a new lending period and new limits established with the administrative facility to amend those without bringing them back to the House. We have a fee of 1 per cent of the value of the loans imposed. That is certainly something of questionable merit which must be debated at the committee

stage. On the one hand it is the recognition of the \$43 million lost over the last financial period and the Government's need to ensure that the banks are simply not giving out the Government's money without any recourse or comeback under the Bank Act.

We also have the proposal to change the underwriting from 100 per cent to 90 per cent. I think that is something reasonable and supportable. After all, the current experience surely indicates that some money has been going out of this program to projects which the banks would not be caught dead looking at if they were looking at them with a view to lending their own money.

The definition of small business is adjusted routinely to account for inflation. The other amendments, after all, are largely of an administrative and detailed nature.

The benefits of this program we feel do indeed outweigh the costs. Let us look at some of the benefits which the Government could be giving to small business if it were prepared to make a serious effort to support the small business sector of this country and to give it the support that would reinforce its strength and enable it to grow further.

Let us look at the possibility of providing stable interest rates. I was practising as an accountant and small business consultant in the years of the last depression, 1980 through 1983.

Mr. Turner (Ottawa-Carleton): "Recession."

Mr. Parry: Depression. My hon. colleague says recession. I am sad to hear him defending the Liberal Government's record like that. It was a depression. If it was't in his riding, it certainly was in mine.

Mr. Turner (Ottawa-Carleton): I am sorry.

Mr. Parry: Apology accepted. I would have to say that there was no single cause of difficulty, no single cause of small businesses going out of business in that period, other than the cause of the instability of interest rates which left small businessmen in a state of shell-shock in many cases. They saw interest rates rise in a matter of months from perhaps 15 per cent of their total overhead, below the top-line expenses, to 30 per cent. They saw their profits, their capital available for reinvestment, swallowed up by the increase in interest rates. This really did not affect large business to anything like the same extent. Large businesses were financed generally much more on a long-term basis, using fixed interest rates. Some were spectacularly over-financed, in collusion with and with the assistance of the Government, and did indeed get into trouble. It was trouble they should have been able to foresee. They certainly had the resources to do so.

Let us look at what the Government could have done had it been fully committed to the support of small business in terms of ensuring that credit was available to small business on an equal basis. My colleague, the Hon. Member for Kamloops-Shuswap (Mr. Riis) mentioned many programs in other countries. I will not take the time of the House to reiterate them