

made goods instead of imports, it would create more than 26,000 jobs in Canada. A few weeks ago, when I introduced in the House a recommendation that the government implement, immediately, a "Buy Canadian" program similar to the one we have seen in the United States where they have a "Buy American" program, it was soundly rejected by the Liberal government. Have they some other strategy? What does this budget offer in the way of any industrial strategy? Nothing.

Let us now turn to import substitution in manufactured goods. What do we hear in the budget on this? Complete silence.

It gets worse, Mr. Speaker. The small benefit we derived from our \$4 billion merchandise trade surplus is more than cancelled by the \$9.5 billion deficit on our service account. There is virtual hemorrhaging of capital out of this country in the form of profits, dividends, royalties, consulting and engineering fees, interest payments, and tourist expenditures. This amounts to more than \$168 million flowing out to the foreign creditors of this country every week. What does the minister offer the Canadian people in this budget to begin the long and difficult process of correcting this imbalance? Nothing, Mr. Speaker. In fact his projection is that the service account deficit will grow by \$6.2 billion by 1985, an increase of 55 per cent.

As our balance of payments further deteriorates, we become increasingly dependent upon foreign investors and creditors to bridge the gap between our stagnating production and our growing consumption.

This budget, both in what it does and in what it fails to do, will make a major contribution to increasing the level of uncertainty surrounding future government policy in Canada. The failure to define clear national economic and social objectives, and the continued use of monetary policy to pursue often conflicting goals, will all contribute to undermining further the ability of business, especially small business, to plan and carry out investment projects with long-run pay-offs in employment and production.

Despite the introduction of small business development bonds, this budget's net impact on small business will, very likely, be negative. The minister has failed to recognize the growing social and economic significance of small businesses to Canadians. Every sector of our economy is represented in the more than 900,000 small enterprises representing well over 90 per cent of all business conducted in Canada. Small businesses employ 2.5 million Canadians, or about 42 per cent of the entire labour force. They account for significant portions of all business sales in Canada. The economic significance of small business is illustrated further by job creation, which is something all of us in Canada are particularly interested in at this point in time.

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Small businesses often generate more direct and indirect jobs per unit on invested capital than larger firms. During 1977, for example, firms employing fewer than 20 persons created 97 per cent of all new jobs in Canada. If we are to

overcome our unemployment problem we must ensure that we encourage the growth of a healthy, vigorous small business sector.

It is generally recognized that high interest rates impose a relatively greater burden on small enterprises than on large corporations. In part this is because small businesses rely heavily on the chartered banks and other financial intermediaries for credit and do not have access to the range of financial alternatives available to larger corporations. As record high interest rates began to take their toll in 1979 by pushing small business bankruptcies to post-war record levels, the former Conservative government proposed interest rate relief through the small business development bond introduced in the tragic budget of last December.

The Liberals promised lower interest rates during the 1980 election campaign and, true to their word, once elected, raised interest rates even higher than had the Conservatives. Small business bankruptcies in the first nine months of 1980 rose 18 per cent over the corresponding period last year, but the value of liabilities involved in these bankruptcies increased by 28 per cent to \$560 million. However, this is only part of the story. Official bankruptcy figures do not account for the thousands of businesses which are no longer able to make ends meet, quietly close their doors, and go out of business without going through the formal bankruptcy process.

The official statistics also fail to account for the social strain business failures place on the general well-being of our communities across Canada. There is a human side to this question. When we are talking about business failures and business closures, we are talking about the dashed dreams, hopes, aspirations of Canadian individuals and families. Their visions for the future, their creativity and willingness to participate in the future of Canada are dashed.

Under increased pressure from the business community, and lacking any coherent policy of his own, the Minister of Finance dusted off the SBDB proposal of the former Conservative government for his April 21 economic statement. The small business development bond is a classic example of a poorly thought-out set of objectives leading an inept government to formulate ad hoc, band-aid legislation which has absolutely no hope of achieving one tenth of its original vague promise. It was ill-conceived by the Conservatives who pride themselves on being fiscally responsible but had no idea what it would have cost the federal treasury in lost revenue.

When the Department of Finance began formulating the details of the SBDB, they discovered that in June of this year financial institutions held approximately \$16 billion in existing small business debt which could have qualified for interest rate subsidies under the new program. If these debts were rolled into SBDBs, this alone would have meant a loss of \$500 million to \$600 million to the federal treasury. With the federal deficit running at over \$14 billion, the Department of Finance could hardly view with enthusiasm a further massive loss of revenue. So they began to impose qualifications, limitations and exclusions.