

*Government Orders*

All banks do this. All financial institutions carry on this way. It is not unusual. I am surprised the third party takes some exception to this. Small business people understand it. We realize even when we go to our local supermarkets to buy consumer goods that within the cost of purchasing are things like theft. There are other provisions for products that go bad and so on. That is the normal course of business.

I commend the government for getting its economic house in order by recognizing, as small business people do, that it cannot be responsible for all small business ills. The government has created a situation in which small business can get access to capital. That is really the whole point of the Small Business Loans Act, to provide access.

I served on the industry committee which produced the report "Taking Care of Small Business". Over and over we heard from small and medium size businesses that their major concern and problem was access to capital, not so much the cost of the capital but the access.

In some of the provisions we talk about increasing the lending interest rate from prime plus one to prime plus three. Emerging businesses do not like to pay more interest than they have to but realize that a 1 per cent or 1.5 per cent increase in interest rates is still well worth it to them to get this seed money to get themselves established.

When I talk about access to capital it is interesting also to note capital markets. What has happened with our debt and deficit situation is many governments are competing in the marketplace with small and medium size businesses for capital. This is why we have to get our debt and deficit under control and why I am happy the government is very much on that course and on a target to effect that.

In Quebec a referendum is due next week. Quebec borrows something over \$70 billion. That is the size of its debt right now. Interestingly, 54 per cent of it is financed outside of Canada. It seems odd that we are going through the process of a referendum in Quebec which costs \$66 million, as stated in *La Presse* recently. By extrapolation almost \$35 million of the cost of the referendum will have to be borrowed from people outside of Canada to ask the people of Quebec whether they want to be an independent country. It seems ludicrous.

That is the problem of the capital markets. I would like to address the issue of markets. Clearly, the small business man or woman is not just looking for capital for machinery. He or she needs a market to serve.

• (1600)

There has been much talk about the globalization of our economy and the need to have easy access to markets. Indeed, agreements like the North America Free Trade Agreement and the GATT address that cause.

A recent study by the OECD on the whole aspect of small and medium size business is very interesting. The European Union and other members of the OECD are very interested because all these countries recognize that small and medium size businesses are going to be the employers of the future. A recent report, I believe from October 1995 said: "Sudden national economic growth will be enhanced if government policies are co-ordinated and targeted so that they strengthen and reinforce regional and local systems. This should improve the conditions that encourage new and small firms".

While we are talking about these markets, once again we are talking about a debate that is going on in the province of Quebec that would basically balkanize those markets. It would create barriers to markets, would make the markets much smaller for these 48,000 people who are employed in small business in Quebec, because a nation defines its markets within its political boundaries and operates within those political boundaries to its own best interests.

I am trying to say that the bill is very much a necessity and should be supported. More important, some of the debates that are going on within our country today are simply ludicrous. I am talking specifically about the referendum in Quebec. It will create more barriers for small and medium size businesses. The ability to create new and challenging jobs within Quebec and to some extent in the rest of Canada is going to be adversely affected by that process.

In conclusion, I would like to say that I am very supportive of the bill. I am certain that the small business community is also very supportive, understanding, and respectful that the government has taken the initiative to continue this program to increase the volume that is available to small businesses. I am sure we will see creation of more new jobs within our economy in the near future because of it.

**Mr. Dennis J. Mills (Parliamentary Secretary to Minister of Industry, Lib.):** Mr. Speaker, I want to compliment the member for Durham on his remarks. I especially want to thank the member for Durham for all his work in committee during the last two years since his coming to the Parliament of Canada.

One reason we have had such success and why I believe small business is heading in the right direction is because our team of Reform Party members, the Bloc, and Liberals all worked together on the committee to try to make sure we had a fist when we went to the banks and other financial institutions as we were pleading for help in accessing capital for small businesses.

My question for the member has to do with start-up. In his experience as an accountant helping small businesses deal with banks, does he not think that one area we are going to have to do a lot more work on is making sure that the attitude and culture of bank managers changes dramatically toward people who are starting businesses versus people who have been in business for a long time?