

*Small Business*

Canada under the Regional Development Incentives Act and also in the agricultural field through ARDA and special ARDA programs. Also, through the Canadian government office of tourism the government is providing a variety of programs in support of the tourist industry.

While I have this opportunity I should like to make a suggestion on behalf of Canadian small businesses that we bring some forceful recommendations to the House through the Minister of State for Small Business with regard to the competition act. All too often big businesses impinge on small businesses to the extent of, if not crippling them, putting them right out of business. Therefore, I would support any measure brought in by the Minister of Finance (Mr. Macdonald), the Minister of Industry, Trade and Commerce (Mr. Chrétien) or the Minister of State for Small Business to give greater protection to small businessmen in Canada. This is much needed, as I know from the representations I receive at my constituency office.

One of the very important and effective ways in which our government can give greater assistance to small businessmen is by improving and tightening up legislation dealing with unfair competition. I am one of those who would certainly encourage new legislation brought into the House on this subject so that we might do much more even than is contemplated and than is done by the Minister of State for Small Business as well as the Minister of Industry, Trade and Commerce and the Minister of Finance on behalf of small businessmen in this country.

In summation, I should like to say that although the hon. member for High Park-Humber Valley, in our view, does not always speak words of great wisdom, he has brought out some excellent points in his motion and I think we should express our thanks to him for bringing it forward. I have no difficulty in agreeing with the majority of the recommendations contained in his motion. However, as I have said, most of his recommendations are already contained in the Speech from the Throne and are being acted upon by the Minister of State for Small Business.

**Some hon. Members:** Hear, hear!

**Mr. Ron Huntington (Capilano):** Mr. Speaker, it is a pleasure for me to take part in this debate on the motion of my colleague, the hon. member for High Park-Humber Valley (Mr. Jelinek).

To start with, I would like to correct the remark of the hon. member for Restigouche (Mr. Harquail) that the motion came from the speech from the throne. May I say for his benefit, through you, Mr. Speaker, that the recommendations contained in his motion have been the subject of frequent comments for many years from members on this side of the House, and it is on the basis of those remarks and speeches that mention of this subject was made in the Speech from the Throne.

**Some hon. Members:** Hear, hear!

[Mr. Harquail.]

**Mr. Huntington:** I was also surprised the Minister of State for Small Business, who was present in the House until a few minutes after five o'clock, saw fit to leave when a motion which elicits elaborate comment and information is being debated.

**Mr. Harquail:** He had business with small businessmen.

**Mr. Huntington:** If that is the case, then I will forgive him.

**Some hon. Members:** Hear, hear!

**Mr. Huntington:** There are four parts to this motion. The first is to allow tax credits for investment in small business. I think that is an important suggestion which gives us in the House an opportunity to offer a few comments on it. The greatest need is for small businesses to improve balance-sheet and profit and loss ratios which will improve the borrowing powers of small business in dealing with chartered banks.

Small business loans legislation should be adjusted to serve the equity and working capital needs of small business so that they can increase the leverage they have in dealing with chartered banks. I would also like to see interest rates on loans under the Small Businesses Loans Act tied to a rate above the prime. I suggest that that rate above prime should be in the order of 1.25 per cent to 1.75 per cent so that we do not again get into the situation we have experienced whereby we have fixed the rate and removed the incentive from chartered banks to involve themselves in government guaranteed loans.

● (1730)

I also think that after having gone through an era of a very high rate of inflation the amount of the loan, \$50,000, should be increased to at least \$75,000 and perhaps even to \$100,000. Perhaps also that should come up for annual review.

In view of the inflation we have been through, and if the Minister of State (Small Business) (Mr. Marchand) is recommending changes to the Small Businesses Loans Act, perhaps he should give consideration to increasing the gross volume of business for firms qualifying under that act. I suggest that we look at something in the order of \$1.5 million.

I understand that the loss on these government guaranteed loans has been very small, and I would like to commend the officials in the Department of Finance for the performance they have achieved under this act to date. However, steps should be taken to make possible the use of this lending resource for equity and for working capital purposes. I think this would have a greater effect on the small business community than limiting it only to expenditure for capital use.

The government would also be well advised to study tax credit incentives which should be applicable to small businesses, that would give them the incentive to hire people. So far we have talked only about incentives to provide capital for fixed plant. I would like to see the loans re-arranged to provide assistance with regard to working capital areas and leverage areas, but one of the problems we have is that the activities of many small businesses are of a marginal and seasonal nature.