

*Small Businesses Loans Act*

If we are going to consider bridging, Mr. Speaker, we will have to take warning from the intervention and efficiency study of the Economic Council of Canada, 1982. It points out that the Government cannot bridge or intervene in the market financially unless it gets to the root of the problem.

Today we are talking about the small business community so let us see what problems are shown in the survey done in 1982 by the Canadian Federation of Independent Business. It found that the number one problem bothering the business community was interest rates. This was identified as the number one problem by 65 per cent of respondents. Slower than normal business was identified by 52 per cent of respondents. Naturally this means that the turn-around on inventory does not generate the cash flow that is needed to cover the high burden of interest rates. Government tax burden was identified as the problem by 48.6 per cent of respondents. No one in the business community wants to escape taxes but they can pay more if they are assisted to earn profits. Inflation was identified as the main factor by 45.7 per cent of respondents. It now ranks fourth in importance in the eyes of the small business community. Government regulation and paper burden was identified by 43 per cent.

I ask the Minister, through you, Mr. Speaker, what happened to the years and years of work done under four successive Ministers in the secretariat that deals with the paper burden problem? The incumbent Minister, who was formerly Minister of National Revenue, must know what the Department of National Revenue does to the business community. His predecessor, who now sits on this side of the House, was amazed at what he found. We were co-operating on studies of ways to clean up the Department of National Revenue and reduce its arbitrary interpretation of the Act. Small businessmen have been dealing with the Department for years and doing things in a certain way and then, all of a sudden it is zap, a new interpretation and they are frozen. A businessman may have an inventory on which he is paying high interest rates and then find that the Government has put a new interpretation on an existing regulation. That kind of instability with the normal flow of business interferes with the tax revenues that the Government needs to collect from business. The tax collector thinks he is grabbing when actually he is throwing water on the coals with this type of behaviour.

**The Acting Speaker (Mr. Rose):** Order, please. I regret to interrupt the Hon. Member but his time has expired. He may continue with the unanimous consent of the House. Is there consent?

**Some Hon. Members:** Agreed.

**Mr. Huntington:** I thank Members sincerely. I thank my colleagues, through you, Mr. Speaker, for allowing me to continue for a few minutes.

The Minister of State for Small Businesses and Tourism (Mr. Rompkey), with his background as Minister of National Revenue, has an opportunity to deal with a category of items that are a real aggravation to the generation of wealth and taxes in the business community. If he were to clean up that

area he would make a real contribution to the system. First of all he should see if something cannot be done to accelerate the paper burden study. Then he could get together with the Minister of Finance (Mr. Lalonde). In my opinion, the Minister of Finance is a very bright person. I have great respect for his brightness and his abilities although I do not have respect for the direction in which he is leading us.

There is a way to clean up the Income Tax Act and allow the business community to operate in a more stable environment. There were 47 amendments to Bill C-139 and I do not think we even debated them in Committee of the Whole because the Government brought in closure. I just cannot believe the damage that was done to the business community by the budget brought in when Mr. Chrétien was Minister of Finance. I spent many congenial hours with him and his Parliamentary Secretary, who was Mr. Lumley. I advised them that they were creating an absolute jungle of holding companies for shareholders and owners of small and intermediate business in the country.

That is exactly what happened. Everyone ran around creating holding companies with the dividend laws that were put in place at that time. Then the dividends were dammed up. Naturally, the corporate tax was paid for the dividends when declared. The holding companies dammed up the dividends so that the actual owner who had transferred his ownership to a holding company did not pay tax on the dividends he received. The lawyers and accountants across the country had a great time doing all the incorporations. But then Mr. MacEachen came along and undid all of that, after being warned that it would happen.

**Mr. Nystrom:** Mr. Speaker, I rise on a point of order. I am not a real conservative regarding the House rules, but I believe the Hon. Member is breaking the rules and I think you should rule on the matter. He has referred to the Deputy Prime Minister by name, to the Justice Minister by name, and to the Minister of Industry, Trade and Commerce by name. I do not like to be a conservative in this, but it seems to me that he is breaking with tradition. I wonder if you would rule on that.

**The Acting Speaker (Mr. Rose):** The Hon. Member for Capilano (Mr. Huntington).

**Mr. Huntington:** Mr. Speaker, I am glad you ignored that trivial intervention. I was saying that one Minister creates a great haven to dam up dividends and the next Minister dismantles it and puts on a 12.5 per cent dividend tax. This forced the re-organization of every well planned tax balance sheet in Canada. Millions of dollars must have been spent on adjusting the balance sheets and share structures of Canadian companies as of December 31, 1982. They have had to strip down preferred shares and roll them over into a new class of preferred share. They have taken deferred bonuses and rolled profits out ahead. You could not believe what has happened to business community balance sheets, Mr. Speaker, since the MacEachen budget, the three subsequent budgets and the non-mini-budget of the Minister of Finance. It seems that the Government has