

Let me turn to what I have seen, aside from the cuts to the Federal Business Development Bank, in the small business community and where this government appears to be going. It seems to be ignoring what I have just pointed out. Let us look at how it has hit the small business community and its policies on high interest rates. When I spoke to the Minister of State for Small Businesses and Tourism last spring, he asked me how we could help the small business community.

What the small business community would like is lower interest rates and a knowledge that those interest rates are locked in for a period of time so that it can budget properly for the future. As a small business person there is nothing worse than knowing you are tied to the prime rate and watching the prime rate climb as it is doing at the present and as it was doing in the early 1980s.

Small businesses dropped like dead flies. There were bankruptcies and receiverships when the interest rates climbed. In most cases when they are new and starting up they simply cannot stay viable. As the interest rates climb, more and more of their income and profits go into paying the interest rates on their operating loans and their capital loans. It is not good enough to say that we are guaranteeing you at 1 per cent above prime, because when prime climbs to 15 per cent, to 16 per cent, or to 17 per cent, it makes it an impossible burden for small business persons.

That is the difficulty in having your own business and running it, even with the knowledge that you can make it if you work hard and your family works hard. What about those forces over which the government has control? If interest rates are allowed to climb out of control, you are going to go down and end up as a small business person, with your family, on the dole or trying to get jobs in my area doing anything you can, in the farming community as a picker or whatever, in order to keep food on the table. That is not the way to go. We must have stability for those people to ensure that they are fairly treated.

Let's look at the government's policy on the goods and services tax. I cannot emphasize strongly enough that the goods and services tax is not a tax that is healthy for the small business community. There are no small business people who want the tax in spite of hearing people like Mr. Sabia and Mr. Dodge from the finance department say: "It is going to be simple. There is no problem with administering this tax."

Government Orders

I would suggest that those people sit in an ivory tower. Have they ever been down slogging? Have they ever been down working as these small business people do until late at night and then have to do their books? There is a factor of inheritance in some jobs. Some people go through university and then straight off into the academic world or into government positions where they do not have to worry where that next pay cheque is coming from. The people in small business do. Any little extra that they have to pay out can directly and drastically affect the viability of that business.

The other thing that people who are in the upper echelons of the bureaucracy in the Department of Finance do not realize is that these small business people try to do their own book work because of the difficulty in viability of their businesses. With the goods and services tax they will have the nightmare that we heard about of compliance with all of the added steps they have to go through. To a person designing the system it does not cause any problems, but it does for the business person out there doing it. It causes massive problems. These business people lie awake at night worrying about what they are going to do and how they are going to make ends meet, how they are going to employ a bookkeeper, and the cost to them is horrendous.

• (1050)

This week I spoke to a small businesswoman in St. John's, Newfoundland. She is a manufacturer. She talked to me for three-quarters of an hour discussing some of the problems that were brought down on her not only as a result of the goods and services tax but as a result of some of the policies of the government as far as loans, as far as contracts to the small business community, and as far as the difficulty in dealing with banks in trying to get financing. She told me that there is something that they have not looked at in the goods and services tax or they have been ignoring, that is, the added financial burden to small business people.

For instance, if a small business people do business with the government, it is notoriously slow in paying its bills. It is not uncommon to run a 60-day or 90-day receivable. They have to carry the goods and services tax as a receivable. Until they get their money, it runs on their loans. If they do any type of business at all it means an added financial burden on them. It is unfair, I would suggest. It is shameful that the minister and his henchmen have not considered what this tax is going to do to the small business community.