

Borrowing Authority

this field and to require it of other departments of government. Without it the concept of regional economic expansion is threatened.

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It is not difficult when one looks at the per capita incomes and the family unemployment rate of Canadians in the various provinces of Canada to identify the Atlantic provinces as one region that requires this attention. The Department of Regional Economic Expansion has helped the have-not areas of the country provide public services at national standards they could not afford to perform themselves. DREE has been particularly helpful to small business and I would like to just say a word about it.

The greatest complaint I hear from small business is about the amount of paper work. Strings attached to government programs cost more than the assistance is worth in some cases. Eighty-eight per cent of the Canadian work force or nine million people are employed by firms with fewer than 100 employees and less than \$5 million in annual sales according to a national accounting firm. These firms account for 20 per cent of the gross national product or \$40 billion annually in sales. They are particularly dominant in service industries and retail trades.

Small businesses are prime sources of risk taking and innovation. They respond quickly to changes in business conditions because they are not burdened down by bureaucracy, and because they are regionally based they are highly receptive to local needs and tend to promote balanced development.

According to Thorne Riddell, a highly respected national firm of chartered accountants, a recent study found that 80 per cent of new business cease operations within three years of opening. Fraud, over-expansion and problems with key products account for 24 per cent of the problems. But the really serious matter which causes 70 per cent of all business failures is management shortcomings. Many small business operators it seems do not have the skills needed to plan, forecast, control and lead their firms.

Small business is the most efficient job creator and what small business operators need more than anything else is access to basic decisions and general support even in the form of constructive advice. What they do not need is more paperwork. This is something for us to seriously consider as we try to reduce our expenditures and create more taxpayers by creating more jobs and supporting more small businesses.

The government finds itself in severe economic straits and extremely limited in the options before it because of the hodge-podge of economic theories that have been the government's trademark over the past two decades. There is a great need to enable members of Parliament to play a more meaningful role in eliminating waste and extravagance and in developing more efficient government administration.

We must urge the government to seek a balanced growth across all of the nation, with business development and job creation in all parts of Canada. We must address the problem of moving people from unemployment to employment, from

social assistance to income earning. By creating more taxpayers to share the burden we can reduce the burden of taxes on all Canadians.

Instead we seem to have moved into the simplistic solution of expanding the money supply that feeds the fires of inflation, and now the government deals with inflation in the traditional and classical way, by employing monetary policies which in effect feed the fires of unemployment.

When the government's anti-inflation policies close manufacturing plants or cause lay-offs of employees, production drops and we have the classical situation where the drop in supply is more dramatic than the drop in demand. With too many buyers chasing too few goods, prices go up, again feeding the fires of inflation. The government's policies for dealing with inflation are counterproductive. Short-term solutions have become long-term tragedies.

A preferable answer is to abandon the spectre of nineteenth century solutions to twentieth century problems, and deal with and address the reality of today. Our aging production facilities need to be rejuvenated and the key to that rejuvenation surely is research and development.

The winds of change are blowing in advanced industrial states and the signs of change are apparent in Canada too. The leading performers in our Canadian economy are firms that produce high technology products and systems. These firms provide good jobs for their employees and require support services that directly or indirectly involve almost every trade.

The government somehow has to learn the lesson that one of the elements in combatting inflation is to increase the supply of goods, both domestically and in our export markets, so that prices go down and more Canadians are employed and become taxpayers sharing the burden of government. Then taxes can go down and the demand for social services can be reduced.

With more taxpayers each carrying a smaller burden the Canadian economy can move forward, our expenditures can be reduced, our incomes maintained, our standard of living can be improved and we can develop a tax system that deals fairly with Canadians in the lower and middle-income group. Then we can deal fairly with our senior citizens who are eking out a slender living on small incomes that are being constantly eroded by the ravages of inflation.

We can enable senior citizens to live in their own homes as long as they are able to do so, and treat them with compassion and understanding when they are not. There are many things we can do in this country if we adopt enlightened economic policies. As long as the government continues on the treacherous path on which it is embarked we are never going to balance our budget, control inflation, create jobs and help disadvantaged Canadians to the extent they require.

Economic policies implemented by this government for the whole nation have a tragic impact in the Atlantic provinces where the frail economies of that region are the first hit, the hardest hit and the last to recover from policies of restraint, tight money and restricted credit. The government's restraint program sees practically no federal public works projects