

*Government Orders*

Where was the Liberal member for Essex—Kent when we were in a recession the last time? I was in a small business struggling with interest rates. Every day I would get a slip indicating that interest rates were rising a point every other day. I kept the last one for historical reasons because interest rates had reached 22 per cent. I never want to see it again. I wonder where he was and what he was telling his government, the Liberal government of the day, when we had that situation.

Coupled with that was a staggering 9 per cent inflation rate. If you wanted to kill business you certainly were doing it. Only through a lot of scraping and scrimping did we make it through that dastardly time. I want him to reflect on that when he starts deriding this government.

Certainly it is not the easiest of times for small and medium-sized businesses although we have low inflationary rates. Inflation is an absolute creepy, silent killer of business. Prices go up and people will not buy. Costs escalate at 8 and 9 per cent. Talk about putting businesses under. That is something that will do it. With its measures this government is working to keep inflation at the rate we have.

There is a different mentality out there now as well. The astronomical 15 and 17 per cent wage increases we went through at that same period in time are long gone. We have established a sensible attitude in this country. The leadership this government took in establishing reasonable wage increases for the public sector set a standard in Canada and the provinces followed. We have taken a lead and the private sector is now following along. There has been tremendous leadership shown by this government in that area.

Interest rates are moderating to the point where people can borrow money. We need to work more with the financial institutions so that those low interest rates turn into dollars available for small business.

We can do that by changing the Small Businesses Loans Act which is in the works. Also, an important announcement which seems to have been overlooked by those opposite who are looking for negative reactions is that under the Small Businesses Loans Act small business will be able to get loan money for operating capital. That was something which was asked for.

I was going to ask my friend opposite from southwestern Ontario what letters and suggestions he sent to the finance minister. I spent a good long time studying how small businesses could have more money available to them in loans. I did a study. I canvassed my constituents and sent him a number of suggestions of how he and the small business minister could change the Small Businesses Loans Act so that it would make capital more available to our small business people.

I know a number of those initiatives are going to end up being in the amendments to the Small Businesses Loans Act. The real important one, however, was noted by the finance minister. That is that capital now would be able to be used for operating under the Small Businesses Loans Act.

There is a process here. There is a plan and we are working to the plan.

I noted *The Financial Post* said: "Finance Minister Don Mazankowski may have given an economy already showing signs of modest growth the kind of push needed to keep it moving in the right direction". That is right, a gentle push moving it in the right direction.

Certainly a lot of that emphasis is on small business. It is in the area of making available to small business the opportunity and availability of having expanded use and availability of RRSPs to be invested by employees, which is important.

It certainly also is going to allow for a 10 per cent tax credit investment on purchasing of equipment. That is important to our small business people and is something they have been asking for.

It is based upon something we forget has been done in Canada. That is that our small business people enjoy a very special tax rate as it is. It is an income tax rate of about 12.8 per cent which is substantially lower than the small business rate in the United States. That is important when we look at the competitive situation we have there. The U.S. rates are a lot higher.

Of course small businesses also qualify for the research and development credits which are as good or better than most of the G-7 nations and that is important. It is a 35 per cent refundable federal tax credit. That is important to small businesses.