

*Small Businesses Loans Act (No. 2)*

**An hon. Member:** How long did the Commies last in B.C.?

**Mr. Keeper:** The budget of November 12, which has put small businesses into such dire straits, and small business people into such difficulties, was based on the assumption that the greatest problem we face today is inflation and the way to beat it is by tight monetary controls and by restraint in public expenditures.

The economic record of the last decade clearly demonstrates that these policies which have been carried on by successive governments just will not work in combating inflation. However, they certainly work when it comes to creating recession, when it comes to knocking people out of work and when it comes to making it impossible for small-business men to prosper. This, of course, would not be anything to decry if it were inevitable and there were no other ways by which to approach the economy. However, there is now clearly a good history of acceptance by governments of intervention in the economy and of intelligent approaches to economic planning. The Japanese and the Germans have done this, and we have done this at times, although not as well as we should have done it. However, it is clear that if we are to help small-business men, we need to take an intelligent approach to the economy. We must now stimulate the economy so that we can create employment and a market in which small business people can sell their goods and in which their enterprises can prosper.

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

**Mr. Keeper:** We must once again make a commitment to economic planning and to adding some intelligence and compassion to the economic system.

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

[*Translation*]

**Mr. Gérald Laniel (Parliamentary Secretary to Minister of Industry, Trade and Commerce):** Mr. Speaker, I shall try to make this contribution to the debate as brief as possible, but I should nevertheless like to take advantage of this opportunity to show my colleagues in the House and the general public what we are accomplishing today by proposing another amendment to the Small Businesses Loans Act. Like most or perhaps all of the members of this House, I unreservedly support this bill to amend an act that has assisted small businesses to a very considerable extent, as was explained this afternoon by the Minister of State for Small Businesses and Tourism (Mr. Lapointe) when he opened the debate.

Mr. Speaker, it is easy for the opposition parties to criticize the government and government policy and to attack the budget. I feel that from time to time, the opposition should, in addition to the constructive criticism it occasionally produces, act sensibly and responsibly. The previous speaker on the Conservative side said earlier that small businesses are practically all that is left of the private sector in Canada.

So the federal government and other levels of government are accused of interfering in business and industry, while at the same time the government is asked to do something to save businesses. These people should be a little more responsible in what they say. They are asking us to reduce the deficit, and at the same time they want us to establish new programs. I was listening to the previous speaker for the New Democratic Party who seemed to disagree with the rate charged under this act, namely prime plus 1 per cent.

If we look at the statistics, we see that since the rate was changed, though remaining attractive for the private sector—after all, banks are also private businesses—small business loans have become accessible and the program has become very popular. On one side, they say loans cost too much and the government should subsidize, and on the other side, they complain that the government is interfering too much with private business and the Canadian economy, and should just pass legislation and let the situation evolve according to the natural laws of free enterprise. At the same time, they want the government to reduce interest rates on small business loans and I suppose also at the Federal Business Development Bank, and they are asking the same favour for home owners' mortgages and other loans granted through institutions governed by federal legislation—obviously—and at the same time they are asking us to fight inflation. They want people to spend more, they want the government to spend more, they want to give the economy an artificial boost by making people spend, without making them responsible, and at the same time they want the government to get rid of its deficit.

Mr. Speaker, this Small Businesses Loans Act is not brand new. It goes back to the time when I arrived in this House! It was passed in January, 1961, a little over a year before I entered Parliament, and on a number of occasions, I was in the House when certain amendments were considered. The act was passed to help the lender make sums of money available at competitive rates, to secure such loans against any losses and to enable small businesses that lacked the collateral to obtain such loans, to go to a banking institution and, with the government's guarantee, obtain its financial services for a maximum of ten years for the purpose of improving his business. In 1961, when the act was first passed, the maximum loan was \$25,000. Subsequently, this amount was raised in 1974 to \$50,000 per business and was available to businesses whose gross revenue did not exceed \$1 million. As Canadian small businesses expanded, the government had to increase these amounts. Today, under the provisions of this act which run parallel to the provisions of the Federal Business Development Bank, a business may borrow up to \$100,000 provided its gross total revenue does not exceed \$1,500,000.

I participated in the previous debate in the House in 1980 concerning the last amendment which increased the lending