

*Small Businesses Loans Act (No. 2)*

The bill has been modified and amended many times before now. This bill originally started out through the Department of Finance, and then it went through Industry, Trade and Commerce. There have been several other changes. Additional types of businesses were included so that the bill would provide for increasing amounts of loans to individual businesses and so on. Since its original inception, the bill has been responsible for approximately 82,500 loans which, in fact, amounted to approximately \$1.5 billion in total. Therefore, with this bill the yearly amount shows an increase from \$800 million to approximately \$1.5 billion in one year.

Everyone knows the importance of small business. The Minister of State for Small Businesses and Tourism (Mr. Lapointe), who has now left the chamber and has been replaced, I suppose, by the Parliamentary Secretary to the Minister of Finance (Mr. Evans), is very aware of the importance of small business to Canada. The minister, in his speeches, has referred to the one million small businesses in Canada which account for 97 per cent of all businesses in Canada. In total, they account for approximately 45 per cent of all employment and for about 30 per cent of the gross national product of business in the country. Therefore, it is an important factor which must be understood and to which response must be given.

The Minister of State for Small Businesses and Tourism seemed to understand the importance of small business, particularly as he stood in the House and voted in favour of the recent budget and measures contained therein, along with all hon. members opposite, and showed his support of the Minister of Finance. However, in reality, he expressed either a lack of understanding of what the Minister of Finance was saying, or at least a disregard for the impact that the budget would have on small business. In this case, he seems to be more or less standing on both sides of the cash register, standing in front of the counter and representing himself to be a saviour and proponent of small business, while standing behind the counter and taking away much of the ability of small business to survive and to function.

In the time I have left to speak, I must attempt to make the Minister of State for Small Businesses and Tourism understand what he and the Liberal government are really doing to small business through the budgetary measures they brought in.

Many specific points have been described and discussed by hon. members who have previously spoken. There are some very good spokesmen within the small business community, whether from the Canadian Federation of Independent Business, from the insurance companies, or from car dealers' associations. There have been numerous messages delivered with such strength of feeling that a sensitive note should have been struck in the hearts of all Members of Parliament, but particularly those of hon. members in the Liberal caucus who have the greatest influence on the Minister of Finance.

I think that the budget is seen to be a direct affront, a direct attack and a direct threat to small business. It affects small business in many ways. It affects the ability of people to invest

in small business, it affects the capital formation for small business, and it affects the ability of small business to be transferred from one individual to the other. It affects a number of interbusiness transactions. It also affects significantly the future security of the small-business man as he retires or plans for his retirement.

● (1720)

The question arises whether this budget is a misfire or whether it has specific direction. If it has direction, what is it? The argument has been made that it was a misfire, particularly if one takes into account the current economic climate. When the Minister of Finance was preparing this budget last summer, he misread or misunderstood what was needed and produced this restrictive document. This is a document which has a terrific impact on the entire economic climate of the country. Therefore, the Minister of Finance must have made a mistake. That question bears some argument.

We need to look more deeply into some of the measures in the budget to see their impact and decide for ourselves whether this was indeed a misfire or a specific direction which the Minister of Finance and the senior civil servants wished to take.

The background of this document is well known and has been described with considerable feeling by the previous speaker. We are all aware that we are in a recession and that we are facing inflation rates of 12.75 per cent. We know that we are continuing to face interest rates that are unbearable, intolerable and deadly to small businesses across the country, interest rates which are being supported by the government through the Bank of Canada and held higher by 4 per cent or 5 per cent than comparable American interest rates. All of these were part of the economic background when this budget was introduced.

Our unemployment rate is important too. The budget impacts heavily on small business. Small business creates jobs. Reference has been made to figures and to the fact that there were 140,000 more people unemployed last month. One group which forms the national association for plumbing equipment, talked about its 24,000 employees and the fact that one quarter of them are now unemployed. That sort of thing has a ripple effect throughout the construction industry. Also, this demonstrates the slowdown occurring in the major sector of our economy.

The aim of this budget is directed toward several areas—fairness, equity, restraint and economic renewal. In looking at whether or not this budget is producing more equity and is fair, I think individuals whether self-employed or otherwise, need to look at the sleight-of-hand that has been exhibited by the Minister of Finance. While he has shown a direct decrease in federal tax for a large number of Canadians—the figure of \$8 million is quoted—the real amount of tax that has been decreased is almost insignificant. It is almost so insignificant that it should not be mentioned when one compares revenues being taken in through indirect taxation measures in the budget. We hear that people with an income of \$15,000 a year