

Government Orders

Is it any wonder that some of those small businesses are dealing in cash? Through the imposition of the GST and some 30-odd tax increases over the last number of years, we have contributed to expanding that underground economy.

• (1600)

That is why the government does not see the revenues it had anticipated. It is because those businesses are taking their own action. When painters are asked what it will cost to paint houses on my street in metropolitan Toronto the response is: "Well, are you going to pay me by cheque or cash? If it is the latter, it will cost less". The reason it is less is that they are trying to avoid the imposition of the GST.

I am not encouraging people and companies to break the law. All I am doing is acknowledging a fact that has mushroomed. Underground industry is alive and well.

We talk about regulations and the burden of paper. Not only is it a question of red tape but it is also the constant changing and revising of regulations which makes it much more troublesome for a small entrepreneur to plan and to keep up with the pace. One month they are under certain regulations and five months down the road another regulation from the same government or a contradictory regulation from another municipality or provincial government is impacting on that business.

Small business people are asking us to allow them the time to predict and to operate under a set of criteria that can be managed rather than constantly changing the playing ground under their feet.

People have talked about the banks and the role of lending institutions. Why is it we hear from small entrepreneurs who have been customers of various banks or trust companies for 20, 25 or 30 years, that they cannot get to first base any more? Why is it that our banks, the big five, are among the most conservative of lending institutions around the globe?

I am not suggesting we move into the deregulation system the United States has ushered in. As speakers before me have very articulately and passionately said,

we have to realize that the lending institutions also have a responsibility to the national economy.

If those banking institutions are pointing to governments and saying governments must lead the way as they should, those institutions have to recognize they have a very important niche in the national economy. That is to be risk takers like the entrepreneurs and to trust customers who have done well through the years and allow the banks to do well. They must be responsive and sensitive and not call in those loans at the first signs of fear or apprehension. They must commit themselves and redouble their efforts, particularly during the tough times, not only during the good times.

It is frustrating for the small business people not to be able to get working capital from their local banking institution after years of depositing, after years of having a rapport with the bank manager, years of taking the good advice and investment advice of the banking institution. Then when they really need that institution to be in their corner, to support them, to advise them, to reassure them and to build their confidence, all of a sudden, that institution forgets their 30-year relationship.

To make matters worse, the small business people read of the bail outs through grants and incentives by the federal and provincial governments of various large companies which high tail it out of the country whenever they feel like it. Obviously it does not build the kind of confidence in those small and medium-size entrepreneurs about their role in the marketplace.

Is it not a facade that in the budget and subsequently the economic statement the government has raised the ceilings from \$100,000 to \$200,000 and then to \$250,000? Who is the government trying to kid? Does it think that smoke and mirror game is going to enhance the availability of capital in the hands of small and medium-size entrepreneurs?

As my colleague from Parkdale—High Park said moments ago, you cannot even get a \$30,000 loan from the banks. Why should we be in the shell game of raising it from \$100,000 to \$250,000? There is great applause from the government side because the minister did a great thing.