

*Income Tax*

creating 30,000 to 35,000 jobs a month on average in the Canadian economy. That was what the Development Bond did. The theory was that small business would respond and expand and create jobs and activities if you had a "carrot" called lower interest rates. That is where this whole discussion of these clauses comes from. It is a carrot to expand and develop.

We have a piece of legislation now, however, which amends that original carrot and says: "We will give a low interest rate to a business which is bankrupt, which is functionally bankrupt". If you move around the business community and talk to the owners of small businesses which are in that kind of economic difficulty, or close to it, they will tell you that the secret to their survival, if survival is possible, is an infusion of cash. They are less worried about the cost of the cash, although it is a concern; their big problem is that they cannot get cash. The traditional lenders in Canadian society will not give them the money to stave off bankruptcy.

We have had a lot of answers from the Minister, Mr. Chairman, which indicate to us that the take-up rate is very slow. May I suggest to the Minister that the reason for the slow take-up rate is that the program is inappropriate to the problem. To step into a bankruptcy situation and provide an infusion of cash which will increase the probability of survival, what you need are loan guarantees. In order to get the money lent to those companies, you need loan guarantees. You could put the money in at lower interest rates, as was tried with the bonds, but it is the guarantee nature of it which is really critical.

If the Minister looks at the take-up rates for this program, he will find a common characteristic in the bulk of the businesses which receive this kind of money, and that is that they have tangible take-over assets such as land and vehicles. Lenders will only lend with the thought that they will be able to take those assets away from people if in fact the business goes belly up. Those businesses which have intangible assets, such as service, customers and so on, are not very successful, yet they are the high employers in this country. We have 1,600,000 unemployed people and the small business sector is our potential salvation. Some parts of that sector are much more employment-intensive than other parts, and it is the employment-intensive parts of that sector which are not helped at all by the survival program. It is the employment-intensive parts which were helped by the Small Business Development Bond. It was that kind of business which was encouraged to expand with the development aspect. May I suggest to the Minister that we have in these Clauses a distortion of a good idea to an inappropriate situation. Can the Minister stand up and indicate whether or not it is Government's opinion that my logic is faulty?

I own a small business, Mr. Chairman. I belong to those organizations. I am in contact on a daily basis with businesses which are in considerable trouble in my city of Calgary. In that city the economy has deteriorated so rapidly it is difficult to comprehend, from two-tenths of 1 per cent of a vacancy rate to over 12 per cent in less than 12 months. We have a city which people are leaving in droves and all the small businesses in that city are in trouble. Their markets have dropped by half

in a 12-month period. The difficulty for them, Mr. Chairman, is not obtaining a bankruptcy loan at low interest rates; it is getting a loan in the first place. That is where the difficulty is, and the only way they are going to be able to hold on is by loan guarantees.

Will the Minister consider changes in the direction I propose?

**Mr. Fisher:** Mr. Chairman, the Hon. Member has raised the whole question of developing small business and he has focused the debate on bailouts, on the one hand, versus growth, on the other hand. He has posed his question as if they were opposites rather than part of a smooth spectrum, and I would like to put the whole problem back into focus.

We talked about this situation at great length in the Committee on Finance, Trade and Economic Affairs. We talked about small business relief and small business taxation for almost a whole month through September, and we came to some very useful conclusions which I believe I should point out to the Hon. Member. If tradition follows, and if Hon. Members' behaviour follows through, then perhaps the Hon. Member from Kamloops might also find the comments I have to make about small business could help him. I look forward to any comments he might like to make in the future.

The Hon. Member opened the issue of development, and I would like to put that into perspective for him. I would like the Hon. Member to remember that the Small Business Bond which we are talking about now has been broadened to new groups of people, to unincorporated businessmen such as the professionals he was describing a few days ago, and to farmers. It has been focused more on helping those people in genuinely desperate situations. It was not intended from the time of that focusing onward that this measure should help everyone. It was intended as special targeting for those people who really needed that targeting the most. The Minister of State for Finance has very clearly pointed out that at a time when resources are scarce, when help is badly needed, you go first to those who need help the most. That is precisely the attempt which we are making here, to focus in on farmers, on unincorporated businessmen and on incorporated businessmen, who need help the most.

In this Bill there are other measures which the Hon. Member refuses to acknowledge. In fact, when the Minister of State for Small Business rose to ask about these measures and to comment on them, the Hon. Member said that he was talking irrelevancy. He wants to deny that these measures exist. He does not want debate on the broader issues. Well, I am going to raise them because he has asked about development and I want to answer him. He would not let the Minister of State for Small Business do it so I will, and let us see if he wants to interrupt me. If he does we will continue on with a bunch of silly procedural points instead of telling taxpayers where they can get some help.

• (1230)

First of all, the Hon. Member refuses to acknowledge that every small business in this country has the opportunity under this Bill to retain an extra \$250,000 at the small business tax