

Small Businesses Loans Act (No. 2)

There are two things which we could be doing. Of course I am leading up to the fact that we would not necessarily have to use the mortgage bond to stimulate housing construction and address the crisis in the housing market. We could also sell Small Business Development Bonds to private investors with the same concessions that are being offered to banks. First, if private investors could buy Small Business Development Bonds, government guaranteed and taxfree interest earnings at 11 per cent—and of course the government would require insurance on the bonds and would probably want to add one percentage point—effectively 12 per cent money would be available for venture capital. Also there would be 11 per cent or 12 per cent money available in housing areas. This is not a new, revolutionary idea. This is exactly what is being done in the United States and in other industrialized countries where they have considered something which I suppose we have forgotten, namely the fact that the ownership of a house and the affordability of decent accommodation for one's family is a social right, not a privilege conferred upon us by government. There are various techniques which could be used. Furthermore, it would give the banks some competition for much needed deposits. The banks are always competing for deposits, particularly when the government solicits money by offering savings bonds at 19.5 per cent, which took a lot of money out of the banks. The government is paying 4 per cent to 5 per cent more on its Canada Savings Bonds than the banks are paying on term deposits. Naturally everyone who could afford it bought as many Canada Savings Bonds as they could. It took a lot of money out of the banks, money which could have been invested and loaned to small businesses. If we offered these same concessions to private investors, we would give the banks some competition because they would have to compete for deposits. Also it would put more low interest money into the small business sector, into the venture market.

I have some positive suggestions which I hope the government and the Minister of Finance will some day consider. Certainly there could not have been any consideration of the true needs of the small business sector when the budget was written. The measure we are debating tonight, authority for the government to spend another \$700 million or \$800 million through the Small Businesses Loans Act, will not even go half way toward correcting some of the measures contained in the budget which, in practical terms, rendered the small business sector vulnerable. Literally thousands of small businessmen and farmers are walking away from enterprises in which they have worked and invested all their lives. Small business bankruptcies are up by 48 per cent. This does not even take into account the businesses which were abandoned by people who have given up and can no longer be bothered filling out government forms, having bureaucrats looking over their shoulders, watching every move, and getting it in the neck every time they turn around. They are tired of their profits being regulated and of being told that they should compete in the marketplace, while every other sector of the economy, particularly the government, is behaving as if our economy were controlled and structured similarly to the one which is operating behind the Iron Curtain.

Many people overlook the fact that as interest rates rise, as energy costs rise, and as input costs from all sources go out of sight, small-business men cannot do what the government simply does—pass them on to consumers. The government never has any problem. It can just raise taxes, and in Crown corporations it can convert loans to equity. It just makes another \$800 million available here and there. The Minister of Energy, Mines and Resources (Mr. Lalonde) told us yesterday that they just finished budget discussions with PetroCan, the newest child in the government corporate arsenal. He said that the outlook for the next season is glowing. This means that we are probably in for another takeover of a private company, probably again for \$1.5 billion, \$2 billion or \$3 billion. No one ever asks where this money comes from. The government raises it on the private market in competition with private enterprise. The cost of operating these businesses as Crown corporations with all their inherent inefficiencies, is passed on to the taxpayer. The small-business man competes with the large corporate sector which can pass on any labour costs, any energy costs and high interest rates to the consumer. Many of the large integrated corporations and marketing groups no longer operate in a truly free market environment where they compete with marketing groups such as the OPEC countries or European marketing groups; they have to be totally integrated and compete in an environment that is not ideal for free enterprise. As a result, it is the small-business man alone who is supposed to operate in a free market economy. He cannot pass his costs on to the customer, however, because the customer just cannot pay, so he is forced to reduce his profit to the point that the business becomes insolvent. He then must close down and lay off his employees. I think that the government believes that when a small business closes down, some magic employer will take over the people who are laid off. The government does not come to the rescue of those employees and they are just as unemployed as the people who worked for Massey-Ferguson, Chrysler or any other corporation that the government keeps afloat although it is no longer competitive in the marketplace.

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If the small-business man closes his establishment the government seems to feel that it is obviously because he could not manage his business. That is not necessarily the case. He just cannot cope with the burden of regulation and control and, if the latest budget is any example, with the ignorance displayed by the government.

Some of my colleagues have said that when we speak of the small business sector we speak of the heart of the economy—the engine that drives the economy. Up to 60 per cent of all workers in this country are employed in the small business arena. They are that two thirds of the work force that is not unionized. All we ever hear about are the social benefits that unions want to achieve, and it seems to be taken for granted that by some magic those concessions will automatically flow to the two thirds of the work force that is not organized. That is not so. Small-business men employ the 60 per cent of our work force which is not unionized and which sometimes works