

*Small Businesses Loans Act (No. 2)*

The one million people who find themselves among the ranks of the unemployed are certainly not assisting the small business community these days. Their spending powers, of course, are severely hampered when they find themselves among the ranks of the unemployed. Inflation, which we are fighting, erodes the purchasing power of virtually all Canadians, with a direct spin-off to the small business entrepreneur. However, as the hon. member for Cambridge (Mr. Speyer) so accurately stated, there exists in the country today, like perhaps never before, an atmosphere of uncertainty, of hopelessness, of doubt, of gloom and doom and of despair. There is certainly good reason for that atmosphere to be existing today.

On November 12, the business communities of Canada, both large and small, were awaiting some direction by the government, awaiting the opportunity to get on with the job and to start building and developing our country. Friday the thirteenth was indeed a black day. On November 13, businessmen across the country gathered in groups, in hordes, to listen to what the budget provided for them. Today we keep hearing the same representations by delegations from various groups, by individual Members of Parliament, and by newspaper ads very clearly spelling out irrefutable evidence that the provisions being introduced in this budget will have a very detrimental effect on the business community of this country. If there was one thing the small business community did not need on November 12, it was a further hammering; but that is what it received on November 13, compliments of the Government of Canada. Therefore, if uncertainty, doubt and hopelessness existed on and before November 12, one can bet that it is certainly accelerating today.

We read that during the month of the budget, the number of bankruptcies in our country was significantly higher. While opposition members often raise the spectre of bankruptcies and quote all kinds of statistics, the most recent one with regard to bankruptcies for the month of November is certainly worth repeating. Bankruptcies for that month were up 48.7 per cent over November of 1980. Bankruptcies in November of 1980 were a serious problem, but I think it is a clear reflection of the difficult times we face that they are now up by 48.7 per cent. That is, of course, only the tip of the iceberg when one considers that those going into receivership without declaring bankruptcy are not reflected in those figures, and that, almost by definition, they comprise a significantly larger number than the 48.7 per cent involved in bankruptcy proceedings.

We can rest assured that the health of the small business community is indeed very poor today. We can also say that this is simply the tip of the iceberg because those people who are simply closing up their shops or small manufacturing plants and walking away because they can no longer make a profit are not reflected, either.

Again, it is very clear that a vital and crucial sector of our economy is under extreme pressure these days. While one could make the same claim for large business, for the international business firms, surely the pressure is more on the small entrepreneur. The large companies can weather out the storm for a much longer period of time. Can hon. members not see,

looking into the future, that a larger corporation can be maintained during these very difficult times while a small business cannot?

Six months from now, as the Canadian Federation of Independent Business indicates, the viability of the small business community will be severely challenged. While we can hang on for a number of months, since we now see that bankruptcy rates are up 48 per cent for the month of November, we can certainly expect that figure to rise during December, January and February when we get into traditionally troubled periods of the year.

**Mr. Epp:** Well, you have your legacy.

**Mr. Riis:** As the hon. member for Cambridge articulated in some detail, the Small Business Development Bond was one of the few pieces of legislation—and I emphasize “few”—that the federal government held up to the small business community and said, “Here, we are helping you expand; we are helping you become more productive.” We on this side admit that such was the case and that the Small Business Development Bond was structured in such a way as to encourage people to expand their operations, to build new plants, to provide opportunities for Canadian manufacturers, to provide new equipment; but the essence of that legislation was expansionary, was growth and development. We would agree that that is the kind of thing we need today in order to become a more competitive country on international markets and to increase our level of productivity.

Therefore, what does the government do during this very crucial period? Do they expand the Small Business Development Bond as all members of the House have been requesting for months? Virtually, the answer is no. They gut the Small Business Development Bond. I know the minister will argue the point that the government did expand the Small Business Development Bond to include unincorporated businesses and farmers. But the government changed the terms of reference so that no longer was it an expansionary bill. No longer was it legislation to encourage expansion, development and productivity. The legislation was in place to help those businesses and farmers who were going down the drain survive. While we support legislation which will help businesses during these difficult times, we are immensely disappointed that the legislation was gutted and that it took away the encouragement and support of those entrepreneurs wishing to expand and create jobs during these very difficult times.

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However, we await new legislation in the future. We remain optimistic that the government will gather its wits and realize its errors. We hope that the government will realize that by supporting the small business community, progressive expansionary legislation must be brought in.

Some time ago the minister commented on the small business financing review. I remember vividly 19 months ago when the minister stood up in the House and said that the government was interested in the small business community and in