

considerable amount, if one looks at a small businessman and knows that that probably is not the only loan he carries.

One thing which I think is important in looking at a riding such as Skeena is that there were roughly 350 customers serviced by the Terrace branch of the FBDB. Their loans averaged almost exactly \$50,000. Roughly \$17.5 million is out at this time. If we look at the increases from January, 1978, to January, 1979, their increase in interest rates was \$650,000. Their increases from January until now have been close to another \$500,000, in terms of interest rates alone coming from small businesses within a large riding with a relatively small number of customers. An increase of roughly \$1 million is a considerable amount to take out of a small local economy.

It is important to look at the bill itself. I notice the hon. member for Vancouver Centre has left already, but the hon. minister is still here. It increases the equity from ten times to 12 times, in terms of the aggregate liability in the first section of the act. Then I noticed the little sleeper in there, which is the authority to increase the lending factor to 15 times. Perhaps in his wind-up remarks the minister could touch on why the first section of the act only asks for it to be increased to 12 times and the little sleeper asks for it simply to come before the governor in council to be increased to 15 times, rather than coming back before the House.

● (2030)

One of the interesting things I noticed, when doing some background work before speaking tonight, was a question put to the minister as reported in last month's issue of the *Financial Times*. The questioner asked:

I gather that the government is considering turning the Federal Business Development Bank over to the private sector. What is your position on this?

I have run down part way in the article there, and I find the minister saying this:

If the Federal Business Development Bank was privatized it would lose some of the services it's performing to the marginal borrowing needs of the business community. If you privatized it, there would have to be a form of guarantee available to any private bottom-line operator in that area.

I am glad to note that the minister went on to say:

I don't find a lot of complaints from the banking community on FBDB activities.

However, the questioner goes on to ask:

Why is it being considered for privatization?

The minister goes on to say:

I think everything should be considered on a sunset basis—entitled to review to find out how well that agency or that corporation is serving the objectives which caused it to be formed and put in place in the first place.

This is a question the minister will have to address himself to: exactly what is going to happen to the function of the FBDB? The same amount of capital is still in there that the government has put in, but we have seen a very dramatic request for an increase in the amount to be loaned out from ten to 12, with the possibility of it increasing to about 15.

We should look carefully at the small business community in this country. This is a vital sector of the economy. About one-third of Canadians are employed there directly, and 90 per

Federal Business Development Bank

cent of these small companies employ fewer than 200 people. The major difference between small businesses and large corporations in this country is that the small businesses, be it one or two employees, or up to 200, must respond very, very quickly to any market changes within our economy. They are extremely labour intensive, particularly as compared to large resource companies. I think there is a point to be made there when we look at the broad scale of taxation legislation, and the types of tax shelters and everything else that exist for the large resource companies which have a tendency to be much greater machinery oriented as compared to the labour intensity of the small companies.

If we look, for example, at the mining sector, which gets a 100 per cent write-off of costs, and compare that to small businesses, which run generally in the one-third taxation ratio, we see that small business does not have the same sort of opportunity to get large quantities of new machinery, even such items as a Xerox machine, in order to develop and get into the market.

If we look at bankruptcies which have taken place in the last number of years, particularly under the previous administration, we see that the greatest level of bankruptcy is among small businesses, and I suggest among the very small businesses and those that have been in operation less than six years.

Big businesses such as oil companies have been systematically eliminating small businesses. A classic example of this has been in relation to the small independent service stations and regional suppliers of energy within this country. We have seen the very large oil companies, Exxon, Imperial, Gulf, Texaco, all of them, moving very quickly to get their hands on the small gas stations.

I think we all remember not too many years ago when the gas pumps were only part of what we expected at a gas station. There was always a good mechanic on hand, and it was one of the most vigorous and competitive parts of our small business sector because there was an attempt always to have someone who was good at a number of things available on-site, as well as to pump gas. We have seen almost the complete elimination of that by the large petroleum corporations. I think that is a very sad thing, and something to which the Minister of State for Small Businesses and Industry (Mr. Huntington) has not addressed himself, to this point in this House.

The needs of small business in this country are really two. The first is money, and the second is information. As we know, and I am sure the minister knows, cash flow, particularly during the start-up period, is one of the most crucial matters from small businesses.

If we look at one of the reasons for capital intensive corporations getting the sort of tax breaks they get, we will see that the economy of this country has typically been one of advantage to them. I know speakers on that side of the House and also to my right have frequently suggested that we are hewers of wood and drawers of water. I think this is becoming even more true under the present regimes we have seen, particularly in relation to high interest rates.