

Small Business

the measure is not yet available. These matters will likely be dealt with in the course of our upcoming budget in October.

Some hon. Members: Hear, hear!

Mr. Don Blenkarn (Mississauga South): Mr. Speaker, I was most interested in the eulogy given by the hon. member for Guelph (Mr. Schroder). He read the departmental letter most beautifully. He did not give credit where credit is due.

When the small business development bond program was introduced in the House, the government wanted the bond issue ended on last March 31. It was only as a result of one week of tough debate by this side that the government finally relented and made the bond run until the end of December for new investment.

The hon. member for Guelph read a departmental memo. There are rules in the House about reading things. One usually quotes the author. I hope he tells *Hansard* who the author was so that they can put quotation marks around it.

Mr. Deputy Speaker: Order, please. The hon. member has delivered his speech and it is not in order to reflect in that sense on it. I invite the hon. member for Mississauga South (Mr. Blenkarn) to keep his remarks in the conventional parliamentary context.

Mr. Blenkarn: Certainly I want to keep my remarks in proper parliamentary context, Mr. Speaker. When I came back from my recent trip with the House committee on fiscal arrangements, I received a wonderful booklet; Mr. Speaker probably received it too. It is entitled: "The Government of Canada and the small business". I whipped over to the section entitled: "getting started". It is a fine publication. It is in both languages, of course. It is pocket size. It reads:

Although the FBDB assists businesses of almost every type and size, special emphasis is put on helping smaller enterprises. In fact, 90 per cent of the 16,500 loans it authorized in 1979 were for \$100,000 or less—

The last time I talked to the FBDB, it indicated that it made loans to businessmen at four points over prime. Their prime rate is four points over prime. Its prime rate is 23½ per cent. Its rate for loans which are a bit risky is six points over prime—only 25½ per cent! That is the kind of help this government advertises as giving to small business. Mr. Speaker, that is the kind of help that Household Finance used to offer. Superior Discount used to offer the same kind of help. Those are the kinds of rates that you would go to jail for if you were part of the mafia. This is the brochure the Minister of Finance (Mr. MacEachen) hands out in all seriousness. It is fancy, and well-printed. There are coloured pictures in it of young people who are getting along. Household Finance ads used to look like this. It looks like great stuff. This is the kind of help we receive from the Government of Canada for small business.

● (2150)

In order to borrow \$60 million of fresh money on Thursday last, the Government of Canada renewed about \$1 billion worth of treasury bills. To borrow \$60 million worth of fresh

money the government had to bid the rate up to 18.1 per cent. Why did it do that? It wanted to preserve the validity of the Canadian dollar. It wanted to ensure that we did not have a devaluation of our dollar so that the Canadian dollar would remain at about 83.5 cents. So the Government of Canada went out into the marketplace and paid 3 per cent more than the government of the United States had to pay on equal security. Of course we could say that the credit of the Government of Canada is that much worse than the credit of the government of the United States. With our natural resources maybe our credit is worse than the United States.

Mr. Nickerson: Of course it is worse. Look at the kind of government we have.

Mr. Blenkarn: My friend says of course it is worse than the United States. The truth of the matter is that we paid 3 per cent more than the government of the United States paid for money because we do not manage our affairs in Canada properly and because people need that kind of return in order to invest in Canada. This is because we do not have an energy policy which means anything to anybody, because we have a government which drives investors away from the private market. This is what our Prime Minister (Mr. Trudeau) did when he tried to drive investors away from the Canada Development Corporation. Of course we have to pay more—because we have to bribe people to bring their money to Canada.

An hon. Member: They retire here.

Mr. Blenkarn: The hon. member opposite says they retire here. They don't retire here, they retire in a great many other places, but not necessarily here. The hon. member opposite will have to retire soon, when his constituents begin to realize what kind of government he is sponsoring.

Sir, what happens with the prime rate? The Government of Canada creates an interest rate and the banks immediately follow. So, we have a 19.5 per cent prime rate. Let us look at how that works with respect to small business. A small businessman goes to his banker and says, "I need a line of credit for 1981." Let us say that he receives approval for a line of credit of \$300,000, which is not that much today. The banker says, "The rate of interest you will have to pay is 1½ over prime." When the small businessman made that arrangement in September of last year, he could have had his interest factor somewhere around 13.5 per cent. Today he is paying 21 per cent. How can he make a profit at 21 per cent? There is no way he can.

The other day I was examining a balance sheet and a proposal for some clients who were organizing the purchase of a business through my law firm. I was giving them advice on the proposal. The business was earning 16.5 per cent. Not very long ago that would have been a pretty good business. But today anyone who bought that kind of business would have to have scrambled eggs for brains. It would be more sensible to go out and buy treasury bills at 18.81 per cent rather than to invest in Canada. That is certainly what is being done. Why is