

experience. It follows that the foreign-owned sector could increase its market share at the expense of Canadian-owned small business as part of the metrication process. For example, Canada already imports more than one half of its machinery and equipment. We don't want metrication just to create a larger market for machinery imports from other parts of the world, such as from Sweden and the European Common Market. Conversion could increase the costs of production and supply in Canada, placing Canadian-produced products at even a greater disadvantage in the Canadian market. One objective of the Federation is to get Canadian-owned small business through the metrication process without financial hardship so that Canada will not only import less of its machinery and products, but will, in fact, be increasingly world competitive and export oriented.

Let me say at this point that we are all agreed on the advantages of the S.I. system. It is easier to learn; it makes calculations easier; it provides a truly universal measurement system, and simplifies world trade. If all countries go S.I., Canada must go S.I.

The number of production components should be standardized and be reduced and there should be a reduction in the number of product sizes. Lower production costs and reduced inventory investments are potential, long-term benefits. It has been said that the entire automobile industry in the U.S., for example, could save \$500 million if all fasteners (nuts, bolts etc.) were standardized and the number of sizes limited. Sad to say, the automobile industry also provides a classic case of a botched changeover. Ford, in the United Kingdom, manufactured metric parts in both Germany and Great Britain. When it came time to put them together on the assembly line, they did not match. Ford could absorb the mistake because of its size and market position. A small business would not get a second chance, and a miscalculation of this magnitude could mean instant ruin.

Let's be blunt. We simply do not know the implications of metric change-over for Canada and we certainly do not know all the ramifications of the change-over for the small business community. The Metric Commission has said that a loss of trade will result if metrication is introduced in Canada. While this may well be true, let's get the facts. The world will still want our wheat and non-renewable resources. Where is the concrete evidence concerning the loss of exports that might develop because products are not designed or manufactured in Canada in metric units? What sections of our manufacturing industry will be affected? How many small manufacturers will be affected?

Because of the complexity of metric conversion, no country in the world, including Canada, undertook a detailed cost-benefit analysis of metric conversion. In the short-run, conversion will have to contribute to cost-push inflation. Higher prices will come about for two reasons: real cost increases and attempts by some businesses to exploit metrication in order to raise prices more than necessary. Adverse consumer reaction and resistance in England has forced a reassessment of the planning and scheduling of the conversion process. The same thing could happen in Canada.

We tend to favour a co-ordinated national program in which no one is left behind. Large companies have the technical, financial and managerial resources for planning their own metric change-over and dealing with it over the long haul. Small businesses do not possess these resources and it is the responsibility of government to ensure that small businessmen, including self-employed craftsmen, are properly informed and their interests adequately understood and represented. Service and retail firms will have retraining problems with employees, including mechanics, television repairmen and a host of others. To avoid burdening the small businessman with retraining costs, the metric system will have to be incorporated in all vocational and on-the-job training programs and special forms of technical assistance or government support provided.

During the changeover, many businesses will have to carry dual inventories, both metric and standard, until consumers have fully accepted the S.I. system. An increase in inventory does not necessarily mean an increase in sales. Unless higher prices can be passed on to consumers, small firms will face a profit and financing squeeze. Consider hardware or building supply stores, stationery stores and other types of retailers who carry products that obviously involve metric change-over problems. A normal inventory of \$100,000 might have to be increased to \$125,000. How will the higher inventories be financed? The banks are often unable to provide adequate financing as it is, with small business inventories swollen by inflation. Metric conversion would make things worse.

Large firms do not have the same borrowing problems as small firms. In fact, branch plants in Canada, under the umbrella of their large foreign parent, will

be at a decided advantage over Canadian independents in financing their conversion to metric.

We recommend that the federal government establish a program of grants and low-interest loans to small and medium-size businesses to assist in the financing of metric conversion. Such a program would be established by the Department of Industry, Trade and Commerce and would be administered by the new Federal Business Development Bank.

I do not suggest that it be established by the minister responsible for small business because I do not think he has enough money in his kitty.

In many cases, small firms have been dependent on the purchase of used machinery to minimize their capital investments. There will obviously not be as many S.I. used machines on the market, creating higher initial capital costs. Small firms must be warned against purchasing new or used equipment that will not be usable over the long-term. In the current business downturn, there may be opportunities to buy ends of lines or other equipment which would seem bargain-priced, although these could become useless under an S.I. change-over. Small businessmen must be warned of these dangers.

We are not yet certain which sectors of the business community will be most affected. Pharmaceutical and chemical industries are mostly metric. Makers and sellers of consumer oriented products such as packaged goods and clothing will be significantly affected. Those in manufacturing and electronics, as well as in engineering, architecture and building construction must be able to convert quickly and smoothly to avoid losing valuable sales and contracts. We do know that printers, photographers, book publishers and others in the graphics field will be concerned with machinery and paper-size problems which have not yet been fully resolved at the international level. Firms using lathes, punches, drills, presses, manufacturing equipment, tool and die equipment and scales will be particularly concerned in the change-over cost problem.

Small businessmen are extremely dependent on the ready availability of standard parts and supplies and could lose business if change-over is not orderly. Large firms can force dependent suppliers to convert to metric before they are ready to do so, and such problems must be avoided.

Legislation at the federal and provincial levels will require amendments to accommodate the new system of measurement. This process of amendment could result in a reduction of overlapping legislation at the federal and provincial levels. However, small business will have to be vigilant to ensure that the civil servants do not use metrication as an excuse to bring in omnibus bills with fundamental changes in legislation.

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Many small retailers such as grocers and butchers use scales. Presumably, some method of changing existing scales will be created to avoid the cost of purchasing new scales. If this is not done precisely, an accidental shortchanging or miscalculation in weight could invoke government law. As you know, you can be convicted even if you didn't intend to break the law concerning food and drugs or certain other legislation governing retailing. The government must ensure that a violation of the law is not triggered by an accidental shortweighting or other errors resulting from metric conversion.

Metrication can also provide opportunities for the entrepreneur. The challenge of change will be met by enterprising Canadian businessmen who move quickly to take advantage of the need for new products created by metrication.

Once the change-over begins, the government will undoubtedly institute a "buy-metric" policy. If so, the government will have to ensure that small firms do not lose out where high change-over costs are involved. The purchasing power of the federal and provincial governments is potentially one of the major weapons available to assist the development of Canadian-owned companies.

The Acting Speaker (Mr. Ethier): Order. I regret to interrupt the hon. member but the time allotted to him has expired. He may continue only with unanimous consent. Is there such consent?

Some hon. Members: Agreed.

Mr. Paproski: Thank you, Mr. Speaker. I only have another page and a half here to put on record. I am sorry the minister