We have seen a reduction of profits over the past two years in the wholesale sector of 61.2 per cent and in construction of 58.9 per cent. There is a very serious domino effect. As I pointed out last week, the entire forest sector was overlooked in the budget of October 28. I think that is a serious oversight. Coming from British Columbia, I must say that to have the budget overlook what represents 50 per cent of our economy in British Columbia is quite sad. When we start tying together the forestry sector with the construction sector, we are looking at about 40 per cent of the most seriously impacted small businesses in this country, and it is related to an entire slowdown. In the amendment we have indicated a desire to make further funds available for housing, both urban and rural, and particularly for native housing, and in order to get forestry moving again we require funds to be made available so that we can have housing starts and get the construction and building trades moving again. This would have an effect in the forest sector, which is extremely sluggish not only in British Columbia but also across the country.

Those areas which are susceptible to inflation are the hardest hit. I refer to sectors which carry any inventory at all. They are also therefore prone to the impact of energy price increases. With the energy policy coming from the other side of the House, and the lack of any real mobilization to help the small business sector, I think it is important to have an amendment such as this which will force the banks, which make use of the small business capital but in fact move it on to areas where they can make more money, to make capital available to those sectors which are the most economically creative and carry the greatest potential.

Who in the small business sector is increasing output and requires such an amendment most? Between 1970 and 1976 Canadian owned and controlled manufacturing firms increased output by 112 per cent. During the same period U.S. branch plants in this country increased their output by only 85 per cent. I think that says a great deal about the potential and the productivity of the Canadian small business sector, which really has not received anything new from the government opposite. Canadian controlled manufacturing clearly out-produced American branch plants by 32 per cent. This amendment, among other things, would help Canadians to get moving, instead of U.S. controlled branch plants.

I hope hon. members opposite, and particularly the minister, will seriously consider including this amendment in the Bank Act because, as I said in my opening remarks, it seems that too many members of this House, certainly hon. members opposite and to my right, are mesmerized by the name of this act, the Bank Act, and seem to think that this entire six-day exercise is to ensure that the interests of banks rather than those of consumers, native people, people who require housing, farmers and small business people in this country, are protected.

**Mrs. Margaret Mitchell (Vancouver East):** Mr. Speaker, I wish to speak about this amendment from two points of view. The first is in relation to small businesses, and the second has to do with the economic development sector as it applies to community development in local communities. As my colleagues have already pointed out, unfortunately the past few years have not been good years for the small business sector.

● (1620)

The dominance of large corporations in our economy has made it very difficult for small businesses to compete without access to sophisticated financial, managerial and technical advice. As a result, bankruptcies have increased each year over the past several years. We also know that across Canada in June of 1980, 2,119 individuals and businesses have declared bankruptcy, an increase of 35 per cent over June, 1979. In the first six months of 1980, business bankruptcies have increased by 19 per cent over the last half of 1979, and more than doubled in the years between 1974 and 1979. Bankruptcies have been highest among small businesses in operation for under six years which were in need of capital and advice and did not get much of either. Both were complicated as interest rates increased dramatically in the early part of this year. As my colleagues have pointed out, this has tremendous implications for the Bank Act, for the amendments before us and for the role of banks in our society.

Rather than concentrating today on a more general point of view, I would like to bring to the attention of the House, Mr. Speaker, comments from several interviews that I conducted with local business people in my riding of Vancouver East. I think they are typical of the concerns of business people throughout Canada and have an implication for the Bank Act. When I phoned these people I explained to them that I would be speaking in the House on the Bank Act and I wanted their opinion on matters which concerned them.

First of all, a hardware merchant said:

I am not happy at all with high interest rates that are killing small businesses. The banks seem to have no sympathy with business customers.

Especially small business customers.

If an error is made, the customer pays, whether this is the bank's mistake or the customer's.

Then a TV and radio businessman, who wants to expand his business in the interest of young people in the community who, he knows, are looking for work, said:

Interest rates are preventing us from ordering the new stock we must have to keep customers and expand. I would like to start a small manufacturing business to develop a few jobs for young people in the riding. To do this I need R and D funds for a new type of TV tube production. When I inquired I was told federal business loans are not available unless I moved to an area like Kelowna.

Next, a small developer in the construction business, a person who is very concerned with the community and very much a part of the community, said:

Banks should cater to small business instead of pampering big businesses. Small businesses need capital at favourable rates or they cannot survive. Interest rates have pushed up the cost of building lots to $103,000—

—that is for the land—

—for a 33-foot lot to build a family house. Older family homes are now selling for $150,000 and newer ones for $185,000 in Vancouver East.