

economic stability then we will continue to have the number of bankruptcies that we have in this country. As long as we do not have some economic stability and planning we will find the rate of bankruptcies in this country among the highest of any in the world. The bill before us will not stop this, and it will not deal with it.

It is not going to stop the oil companies, for example, from driving small businesses out. For example, they have driven out small garages, resulting often in increased cost and decreased services. Where can you go today to get your car repaired? In the past there were many garages and service stations which did repair work, but they have all been wiped out.

At the turn of the century there were over 200 car manufacturers, and now there are less than half a dozen. We know what happened to the car industry when the big boys took over.

We will not oppose this bill, but we wish to go on record as noting how inadequate it is, how it does not deal with the problems of the small businessman, how it does not come to terms with these problems, and how it makes empty the government's promise of help and support to the small business community. This bill is of no real help and it is of no real assistance, because it does not meet the real problems the businessmen face.

Mr. Peter Lang (Kitchener): Mr. Speaker, I am glad to have the opportunity to speak on Bill C-20 to amend the Federal Business Development Bank Act because of its importance to small business which is the life blood of our nation and the economy. Putting this act in perspective is important. Our government's policies toward small business are really an integral part of our industrial strategy that was enunciated during the past election campaign. Of course the main thrust of this policy was to encourage Canadian owned small business.

As the economic council reported recently, although the percentage of sales and profits going to foreign controlled firms increased during the 1970s, the percentage of total Canadian assets and equity held by foreign controlled firms decreased. The objective of the Liberal government is to continue the latter trend and to reverse the former.

Canadian owned business, regardless of size, will need encouragement in this endeavour. It has generally been the case though that large corporations are much better able to capture a growing share of the market place than small business. Particular attention and vigilance must be directed toward maintaining and enhancing the position of Canadian owned small business in our economy.

It is important to recognize that about two-thirds of all the new jobs created in Canada in the last five years were created by small business. Some 97 per cent of these businesses are Canadian owned, operated in a highly competitive environment, and are community based. Because of this they tend to be more innovative and flexible than larger corporations. It is also noteworthy that a significant proportion of new inventions

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and innovations have come from these individual entrepreneurs and small business organizations. An important trend that augurs well for the future is that younger people are becoming increasingly interested in small business. Encouraging the growth of small business through the Federal Business Development Bank fulfils a number of important objectives—providing jobs, diversifying growth regionally, decreasing economic concentration, stimulating innovations, creating more livable communities, making work more interesting and, of course, increasing Canadian control of the economy.

As hon. members well know, the Federal Business Development Bank was established in 1974 to encourage the growth of small business by providing financial assistance and management services, which include counselling, training, and information. The bank replaced the old Industrial Development Bank which dated back to the 1940s. The bank's aim is to provide financial assistance in cases where it is not available at reasonable terms from other sources. The counselling service it offers supplements those available in the private sector. The role of the bank then is to act as a complement to financial institutions in the private sector, and to government agencies, and in co-operation with one another to encourage and diversify business ventures in Canada.

In order to understand how the bank responds to the requirements of small business it is first necessary to have a look at the amount of loans provided. While about 90 per cent of loans are in amounts under \$100,000, almost half are under \$25,000. The average loan works out to about \$53,000.

Because the bank acts as a supplement lender it takes much greater risks than private sector lenders. As a matter of fact, with the experience the bank now has from a scant five years in operation, and with other lending institutions venturing into term loans, the bank's activities have become much bolder. The bank has fulfilled a very important function in this respect because many already established or newly formed businesses cannot meet the stiff criteria required by conventional lenders. While the potential for expansion may be there, the feasibility and the guarantees offered often do not meet the requirements of these lenders.

Within a relatively short span of time the bank's activities have spread out and generally have become more daring in responding to the needs of small business. As a consequence, private loan operations tend to become involved in large lucrative loans to business in urban areas. The result is that the demand for supplementary financing by the Federal Business Development Bank in small centres and rural regions has increased. In response to this the bank decentralized its services to the point where 60 per cent of its 100 branches are located outside the major cities. In addition, 98 per cent of the loans are approved at the branch or regional office level, thus speeding up the processing time for each application.

● (2030)

As you can see, Mr. Speaker, the bank plays a very significant role in terms of financing regional enterprises and encouraging regional development. In terms of my own riding,