

Federal Business Development Bank Act

to be tidied up. That question should be answered in the review to which the Minister of State referred several times. It is desperately needed in order to stop this patchwork attempt at addressing the credit needs of the industrial and resource communities of the country.

Bill C-20 will give the government maximum flexibility. It will give them more than they need. Their capital base will be increased by \$275 million. In my speech on second reading I could see a need for a \$205 million increase. I could go along with \$275 million, but on top of that they have asked for us to increase the ratio of capital to lending from one to ten to one to twelve, with governor in council approval to go to a ratio of one to fifteen. It is still my opinion that it is not needed and it is excessive flexibility. Had I been present at the committee hearings, certainly I would have had an amendment for report stage of the bill in the House. However, I have not had that opportunity as I returned from the west coast only a few hours ago this afternoon.

I should like to refer to one of the questions asked of the president of the bank before the committee. It reads:

—do you expect to draw from the consolidated revenue fund of Canada?

The president of the bank answered as follows:

Mr. Minister, Mr. Chairman, I cannot answer that question obviously, as I am sure you appreciate, that I just explained the point of view of the bank and that is really up to the government to find out if we should be at a seven to one ratio, if we should be at a ten to one ratio—

In other words, the president of the bank at committee hearings could not answer the simple question as to whether there would be a draw on the consolidated revenue fund. I have been able to get through about two thirds of the proceedings of the committee, having received the "blues" at approximately 6.15 this evening. I find that I have no further answers to the questions I asked than I had at the time of second reading debate.

In allowing this bill to go through third reading, we will give excessive flexibility to the minister and the Federal Business Development Bank without the basic and prime questions being answered. I still think the capital they will be given, the increase of \$275 million over the \$200 million, is enough, and that the ratio should have been left at one to ten. The minister will reply that in the bill there is a cap of \$3.2 billion. I would suggest, and warn members of the House, that it would be very easy for a supplementary amendment to be made to the bill at some future time, even before the review is complete, whereby the bank would be out of control. Why they need to move from one to ten to one to twelve is beyond me in light of the new capital they have been given. It was my understanding that that capital would be a cancellation of debt and that there would not be a draw on the consolidated revenue fund. I now find from the committee proceedings that that question has not even been answered.

I regret I was not at the committee hearings. I apologize to my colleagues on this side. But a member of Parliament only has one life to live, and if it is 2,800 miles away he cannot be here when he is required on the west coast. I wish the bill were a little tighter and that we were not moving from the ratio of

one to ten up to one to twelve. I have no concern with \$200 million of the \$275 million increase in capital requested. Probably the extra \$75 million should be the limit of the flexibility the bank and the government require in this matter. However, it is all history now. The bank needs the money, as does the small business community. I am sure it will be managed judiciously because I have great confidence in the president and senior officers of the bank. We will just keep our eyes on this situation. We will support the bill through third reading.

Mr. Simon de Jong (Regina East): Mr. Speaker, I rise to express some concern about the bill. In some ways it is a housekeeping measure, but we do not believe it will really solve the problems that increasing numbers of Canadian businessmen, particularly small businessmen, will be facing in the years to come.

Already we note from statistics that the bankruptcy rates in the business sector have increased dramatically so far this year. Up to the end of April there have been over 2,273 business bankruptcies in the country, with a total liability of approximately \$233 million. These are businesses which very often are a result of family effort, a family putting in its life savings to start a small business. It is unfortunate our economic system encourages a lot of small businesses to arise during periods of boom, like mushrooms which sprout after a good summer rain, only to be wiped out in the times of the busts. Indeed, we are going through a period of bust and we see family investments and savings being wiped out. I do not believe the amendments before us today will make one iota of difference. They will not stop the number of bankruptcies. In fact I suggest that the rate will increase during this year.

● (2020)

The amendments will not stop the type of economic concentration we have seen occurring in our country in the last number of decades. These amendments will do nothing to stop this trend. There is always the suggestion, of course, that members in the opposition to our right and members opposite make, that our political party is opposed to business and particularly small business. We have repeated in this House that this is not so. Our party is definitely committed to that sector of the economy which employs over 30 per cent of our labour force, the small businessmen who employ under 200 employees in their businesses.

We have always objected to the type of economic concentration which has occurred in this country, a type of concentration that in 1978, for example, saw less than 2 per cent of all Canadian businesses, excluding financial institutions, foreign owned, yet that 2 per cent accounting for close to 50 per cent of all the profits made in the country. That is the type of foreign control and foreign domination which is continuing to destroy small businesses in this country, and that is why we have one of the highest business failure rates of any country in the world.

We exist not in a system of economic planning, but small business requires some economic stability. If we do not have