

ment of the gross national product originated from firms with less than \$2 million in annual sales. Fifty-five per cent of the business component of the gross national product originated from firms with less than \$20 million in annual sales. That left government institutions, financial institutions, hospitals and the like, making up 58 per cent of the gross national product. I am putting this on record because it is important we get a feeling which will provide support of the Minister of State for small businesses and to the small business secretariat, and draw attention to a need which hon. members will have to regard with increasing concern.

Within the community I have described, total employment amounts to 6.6 million persons according to the 1976 statistics. Businesses with sales of less than \$2 million employed 2.5 million people or were responsible for 42 per cent of business employment. Businesses with sales of less than \$20 million, which brings us to the small and medium-sized enterprise sector, employed 4.1 million people, or were responsible for 66 per cent of business employment in 1976.

I put this on record again to outline the impact and the importance of these matters and these instruments and of the study which the Minister of State has told us is part of an ongoing process. It is to that study and to that financial review that I should like to address some remarks. Before doing so, however, there is one other point I wish to raise and I would appreciate hearing the minister's remarks with regard to it.

As the small businesses loans legislation has expanded—the minister told us about this in his opening remarks—outside the basic group of chartered banks, and has gone out to include credit unions and other lending institutions, I should like the minister to tell us whether he is aware of any change in his liability under this act. I have in mind the nature of the loan, the credit review, the type of institution which is now embraced by the legislation and which has probably opened up a pattern of activity which has not been reflected in practices to date by the larger, more conservative institutions. I, at any rate, would appreciate knowing whether the minister is aware of any change in the minister's liability as a result of the expansion of the program.

The minister told us a financial review was taking place related to all aspects of financial programs affecting the community I have described in my remarks. There is the Small Businesses Loans Act, the act we are amending today; there is the Small Loans Act, an entirely different measure and which perhaps does not touch on the business community other than with regard to accounts receivable. There is the Federal Business Development Bank with regard to which I had the opportunity of explaining my feelings in depth during the debate on Bill C-4 in the Thirty-first Parliament.

I am sure that the Federal Business Development Bank is sweating it out right now and in need of financial relief in light of the very high cycle of interest rates we are going through. I would think that the increasing rate of bankruptcies has been creating a magnitude of change in terms of their liquidity and in terms of pressure upon their accumulated surplus. We would, perhaps, like to be aware of the extent of this pressure.

### *Small Businesses Loans Act*

If the minister could advise as to the change that the last 90 days have brought, and the pressures it has placed upon the Federal Business Development Bank, those of us who are interested would much appreciate the information.

In addition to the extensive work of the Federal Business Development Bank in this field, we have the adjustment assistance programs of the enterprise development under the Department of Industry, Trade and Commerce. One of the things I found frustrating as minister of state for industry and small businesses in the former government was the magnitude of dollars which my colleague responsible for the Department of Regional Economic Expansion had at his disposal in his dealings with his provincial counterparts, or with industrial counterparts in the provinces, in terms of programs of assistance to the business community. So we have all these different activities going on, different departments all making their play for this audience which is described in the 1976 statistics. If there is one thing which needs co-ordination so as to bring about effectiveness in the use of resources and in the use of the program, it is this area which I have described.

I am very pleased the minister intends to continue the work in place in the department in bringing about the review of which he spoke. In my view, a basic change of structure is needed to assist the minister because, so far, we in Canada are reacting in what amounts to knee-jerk fashion to political pressures which accompany lobbying by the Canadian Federation of Independent Business and so forth.

Now that we have defined the audience and the importance of that audience in the Canadian economy, it behoves both sides of the House to move in on a structure which will serve that community more efficiently and will allow them to use the resources at the disposal of Parliament more effectively. In that review I would like to suggest and submit that perhaps the government should give consideration—or perhaps the minister of state can carry this forward to cabinet—to a standing committee of the House on industry and small business at which the constituency described and now defined could have a platform and a means of communicating with their elected representatives, and particularly with the bureaucracy responsible for the activities and subactivities within the various departments.

● (1420)

Having studied in some detail and debated the proper vehicle through which the industrial community could best be served—or this end of the spectrum of the industrial community—one looks at and studies in some depth the small business act of the United States which has built a massive bureaucracy, put in place programs, has got itself all caught up in definitions within each category, and has indeed become a very cumbersome situation.

If one then moves over into Europe and the European Common Market countries, one will find that the co-ordinating role of the secretariat and the advocacy of the secretariat are being enhanced, but that role in itself can be quite frustrating to the staff within the department. They really do