

Small Businesses Loans Act

be available through, and administered by, the Federal Business Development Bank.

Perhaps the Minister in his wrap-up might tell us what has happened to the study his predecessor started on the financial requirements of the small business community. I can remember having delivered to my office about 22 packages of paper on the various studies. I think they were started even prior to my occupying that portfolio. All that paper was finally made available to us and then the Minister's predecessor started to examine the study to find out just what it was that the small business community needed. I am wondering if he would be good enough to report on the progress of that study, as long as he does not need another study to find out what the progress is. I have mentioned the changes in the nature of receivership and all of this should be part and parcel of the study they are dealing with in that ministry.

As you and most of my colleagues in the House probably know, Mr. Speaker, I am basically against Government intervention in the marketplace. I really believe that the free market system, the law of supply and demand, if respected and adhered to, provides one of the most effective filters for inefficiency, and for those who take a risk and lose, which is available without real cost to the community. You can take a chance. You can do your assessments and appraisals. Through the Federal Business Development Bank you can hire business advisers, and if you have any moxie at all in assessing your investment risks, then you should be able to get money from the chartered banks under this program or through the FBDB as a lender of last resort.

I would like to see us have a debate on the FBDB some day and remove the banks' lender of last resort status. I think they have a magnificent staff, expertise, and if given the chance I think they probably could come up with some very vital answers if the Government truly wants the small business sector, the entrepreneurial sector, of this country to work. If you are going to intervene in the marketplace, Mr. Speaker, you should do it in a constructive way. The Government should not intervene with financial guarantees and assistance unless it does a study to find out what the root of the problem is in the marketplace and the financial community.

It is not good enough for the Government to give a \$34 million loan guarantee to a company like Maislin after the Prime Minister (Mr. Trudeau) attends a ballgame sitting in a private box. If memory serves me right, Mr. Speaker, the problem was that Maislin wanted to buy and did buy a trucking firm in Wisconsin. They stripped themselves of working capital to make the purchase and then the trucking firm got caught in the deregulation policy of the U.S. Government. Their cash flow just went to ribbons and all of a sudden the Canadian parent company is in trouble. But then it has the ability, through its friends right to the highest offices of the Government of Canada, to have the people of Canada guarantee a \$34 million loan.

As a result of questions this week in the House we found out that the Government has not had a capable observer on the Board of Directors, and that it is likely Maislin is going to become a terminal case unless they can get another loan

guarantee. This kind of intervention, Mr. Speaker, is totally negative. Not only that, it is immoral and absolutely angers everyone in the marketplace. None of the people who are served by the Small Businesses Loans Act have this kind of access.

Small businesses have been built up into intermediate size businesses. They have very successfully generated large payrolls from which are deducted a lot of income tax. Some of them are in trouble today and in receivership and none of them is being given any kind of courtesy approaching this kind of insider trading, so to speak.

Look at the loan guarantee to Chrysler, Mr. Speaker. I was in Detroit in 1967 on a tour of the auto plants. At the end of the tour I had to rise to my feet and give my impressions. In 1967 my impression was that Chrysler would not survive the decade because it did not appear to be plowing its earnings back into plant modernization and product development. All the major automobile companies in the Detroit area refused to recognize that ten years down the road this world was going to become energy short and that we could no longer afford to drive around with the unnecessary weight of these great tin cans. All you had to do was look at Asia and Europe to know what we in North America were going to be facing in ten years. Yet what happens? We do not recognize the root of the problem.

These megacorporations worship the balance sheet. They do not think of the interest of the country and they did not realize the social and energy needs of the nation down the road. The industry was a loser ten years ago and it is obviously a loser today unless it is able to equip itself with robots and improve production and quality to match that which is coming out of Japan in the automobile sector.

Look at a company like Massey-Ferguson. It has been a pride and joy to this country. It was part and parcel of the farm community down through the years. Yet we see dividend distribution, weak management, lack of modernization and market forecasting, and then we watched that company get into so much trouble that we had to go and bail it out with a Government Loan guarantee. None of this courtesy is extended to the small and intermediate sector. I could give chapter, litany and verse on Dome, which got into trouble. In each case that I have mentioned, the banks had a too high percentage of their equity invested and so they were at risk if companies like Chrysler, Massey and Dome went under. Of course, the Government moved in to save the banks.

● (1610)

Why has the Inspector General of Banks allowed the banks to grab the big loans that yield the highest profits and the lowest administration costs, instead of ensuring that the risk is spread over a broader market? The big companies which have been guilty of all the sins of imperfection and bad management have been bridged. It is time that the House considered a bridge for the small businessman and for the intermediate sector.