

bringing legislation into this House which would address the problems of the small businessman in Canada today.

During those election campaigns they made a commitment to the people of Canada to bring in legislation that would prohibit the growth of government, would increase the revenue of government for purposes of social welfare and social planning by spending less on government bureaucracy. What they have done with the introduction of Bill C-54 is bring in legislation to raise more revenue for government to cover increases in the bureaucracy, increases in government overhead expense. This government continues to spend, through increased taxes and bills like C-54, 25 per cent more than it takes in each year.

Surely members opposite believe in the free enterprise system. They believe as we on this side believe that the marketplace can function best with the government out of it, yet by creating an atmosphere which allows them to function without continually being interfered with. They have allowed the growth of government to exceed any increased percentage in the gross national product. They promised the people of Canada they would not do that. Since they have broken their promise and have increased the size and cost of government, they have no alternative but to bring in a bill like C-54, which in turn will increase revenues through increased taxation in order to cover the cost of government.

My experience in this House of Commons is not as long as my colleague who just spoke. He has 13 points he wishes to raise while this bill is in Committee of the Whole. I only have 11. I will try to deal with half of one in the remaining couple of minutes.

Let us take the example of a small businessman who looks at page 28 of this bill which deals with a 3 per cent inventory allowance at year-end, when he determines his business tax. When the 3 per cent inventory allowance was first conceived, interest rates in this country were 6 per cent or 7 per cent and inflation was not much higher than that.

What has happened since that was first conceived? Inflation in this country is now running in excess of 11 per cent and interest rates to the small businessman are running in excess of 20 per cent, even from the government lending institutions. Therefore, the 3 per cent inventory allowance on page 28 of this legislation is totally inadequate. When a businessman carries over that inventory at year-end, there is no way a 3 per cent inventory allowance will cover the cost of that inventory as a hedge against inflation, which is the reason it was introduced in the first place.

I ask the Minister of Finance if in the process of reviewing this bill he will consider increasing the inventory allowance to cover increased inflationary pressures in excess of the present insignificant 3 per cent allowance, bearing in mind that in the last 60 days, since this budget was brought in by the Liberal government on October 28, interest rates in Canada have gone up 39 per cent and the dollar is the lowest it has been in 47 years.

Adjournment Debate

We still have the same Minister of Industry, Trade and Commerce in this House who promised that he would resign if interest rates went above 14 per cent. They have now done that and he has not kept his promise. We have an uncaring finance minister and a promise broken by the Minister of Industry, Trade and Commerce.

I would like to move on if time will permit. If time does not permit, I will make my remarks at the next opportunity.

Progress reported.

● (2200)

PROCEEDINGS ON ADJOURNMENT MOTION

[English]

A motion to adjourn the House under S.O. 40 deemed to have been moved.

AIR TRANSPORT—PROPOSED SERVICE BETWEEN OTTAWA AND NEW YORK CITY

Hon. Walter Baker (Nepean-Carleton): Mr. Speaker, on January 20, 1981, I asked a question of the Minister of Transport (Mr. Pepin). The thrust of that question dealt with the importance of establishing as soon as possible a daily direct air service for passengers travelling between Ottawa International Airport and New York City for the benefit of commercial and other users. The question arose for two reasons. First, there seems to be a long delay in the process of resolving the question before the Canadian Transport Commission and the federal communications commission in the United States. An official from the Department of Transport indicated that the delay in the U.S. would be for a period of a year and a half which, quite frankly, seems to be quite a long time. Second, Air Canada, for some reason or another which is not apparent in terms of providing service to the travelling public, has filed an objection to the applications made by two competing Canadian carriers, First Air and Air Atonabee.

You might ask why there is a requirement for this kind of direct service, Mr. Speaker. For many years there has been growing concern in the national capital area about the necessity to provide a diversified employment base for the people who live here, particularly for our young people coming out of the school system, to provide an economic base for assessment for municipalities and local government generally. There has been concern that the area was becoming historically dependent upon the presence of the federal government, a tendency we cannot deny, and that because of restraint policies which have been applied generally it is not likely to provide uninhibited growth of employment opportunities.

Something else has happened in the meantime. Into this economic milieu in Ottawa-Carleton have come the high technology industries in abundance. The cities of Kanata and