

### *Bankruptcy*

this sort of thing. We have government services which come to their aid to counsel them out of it. They work out a system of going through a bankruptcy.

However, consider for a moment what happens in a small community, or any community for that matter, when a small businessman is faced with the kind of competition which grants indiscriminate credit. He is forced to stay in business and grant credit also. An individual bankruptcy of a small businessman works in exactly the same way. Let us consider a man who is a small entrepreneur. He may have a portable welding unit. He may have been doing fairly well with good jobs and established a standard of living for himself and his family. With the economic downturn we are now experiencing in central Canada and in the west, indeed in any part of this country, this man is faced with mounting costs. He is unincorporated so a bankruptcy is classed as a personal bankruptcy.

This man may owe the supplier of welding rod and other welding materials something like \$30,000 a month, particularly if he is a contract welder. A small supplier of that material cannot withstand that sort of debt. As a result we immediately set up a domino effect with one business going bankrupt and then another and then another.

The minister stood before this House with a straight face and said he does not want Her Majesty's loyal opposition to play politics with this bill because it does not relate at all to current economic problems. How ridiculous can you be!

**An hon. Member:** You can be a Liberal.

**Mr. Shields:** I guess you have to be a Liberal to be that ridiculous.

The business community is a network of interconnections. A man establishes a line of business. If he is a supplier he establishes a number of customers. He gives them the supplies on the basis of 30 days net. In some cases when a man has a good job and it looks as though he is operating well the supplier will allow him 60 days net, but generally he gives 30 days net, and that is usually printed on the bottom of the invoices. For hon. members opposite who might not understand what that means, let me point out that it means the customer is expected to pay his bills within 30 days. A man can run up quite a bill in 30 days, particularly one of the small businessmen, entrepreneurs or operators. If the customer does not pay his bill in 30 days he goes into the 60-day accounts. After 60 days the supplier starts to worry, and in 90 days he starts to panic. We must remember that a small business community operates on its receivables. This involves unsecured debt, but the debt is out in the community.

The supplier goes to the bank with his invoices and shows his bank manager his receivables. The bank manager will usually advance 75 per cent of those receivables as operating capital. This is how these small businesses establish an operating line with the bank. As a result of this situation, if one man goes under and then a second goes under, before you know it a very healthy and viable service industry also goes under. This is the domino effect I refer to. That is what is happening right

now, though we will not see the entire effect of this immediately.

All this is happening because this government in its wisdom brought in a national energy policy which is absolutely destroying the service industry in Alberta and Saskatchewan. We are now talking about bankruptcies and I suggest this is very appropriate.

Last week we had a delegation from the oil service industry. Most of these delegates were from Canadian-owned small companies, and some medium-sized. They sat here with members from the opposite side and from the opposition and said generally that if the national energy policy did not change they were going to go bankrupt. The matter is that simple. Some said they would be bankrupt in three months. One fellow said he might be able to hang on for six months, but no one said he could live with the national energy policy as it now exists.

This energy policy has literally dried up exploration in the western basin, and when the big rigs are not drilling holes, the service rigs which come in after to clean the holes and prepare for production, including the mud companies, welding outfits and small pipeline contractors, start laying off employees. As a result their equipment sits idle. Yet the minister says he does not want the opposition to play politics with this bill because the Bankruptcy Act does not relate to the economic climate in Canada today. If anything relates to that economic climate it is certainly the Bankruptcy Act, because the policies of this present government are driving more and more small businesses into bankruptcy.

Let me refer for a moment to the very important riding of Athabasca. It is there that two megaprojects are being held up right now waiting for policy by this present government. These projects involve the expenditure of in excess of \$20 billion. This is not government money. These companies are not in the pork barrel or at the government trough. These funds are already earmarked for the development of the heavy oil industry and the tar sands.

What happens when a company decides to expend \$10 billion in a community like Fort McMurray, or perhaps \$12 billion in a community such as Cold Lake-Grand Centre? The service industry must provide the services required by all the people who move there to work on these megaprojects. For three years, with no help from the government, no grants from DREE and without being propped up by the government trough, small entrepreneurs have invested their own money in these areas to build the necessary office space, warehouse space and other facilities. They have set up service firms and have employed a number of people. They did so with the knowledge that this country needed the development of the tar sands to survive.

What has happened? These people gambled because they are gutsy entrepreneurs. That is what free enterprise is all about. But they have overextended themselves. They are still not asking for handouts. They are not pounding on the door of the Department of Consumer and Corporate Affairs or asking DREE for money in order to survive. However, they are saying that if these projects do not go ahead they will pull up stakes