

something is inadequate in the first place, it is still inadequate when it is doubled.

I do not know whether the Minister of Finance has had time to look at the list of bankruptcies that occurred recently. The latest figures for January to October, 1981 show 230 bankruptcies in agri-business in Canada. Saskatchewan has the third highest number, Ontario lists 126 and Quebec 45. In the House recently the hon. member for Hamilton Mountain (Mr. Deans) spoke about his concern for the businesses in his constituency and the farm manufacturing plants there. I can understand his concern. People are being laid off in Ontario and Quebec because the small farm businesses in western Canada and the Atlantic provinces cannot afford to make a commitment for a \$100,000 piece of machinery and to pay high interest rates especially when since November 12, the capital cost allowance had been cut in half for the first year. There are areas in central Canada and Ontario, the manufacturing heartland of the country, where employees are being laid off because machinery is not selling.

The government's response is to cut the capital cost allowance for the first year in half. That does not make any sense. It does not make farm sense, it does not make horse sense, and it does not make financial sense. But what really puzzles me is that the government does not see that it hurts people in Canada. Everything we have spoken about relates to people. They are not businesses; they are people in businesses. They are not employees; they are people working in businesses. That is what this government has forgotten. That is what the Minister of Finance has forgotten. Definitely the Minister of State for Small Businesses and Tourism has forgotten this. He should be more aware and I hope he will be more aware after today and tomorrow.

● (1710)

Canada will probably end the year with imports of \$110 billion and exports of \$100 billion, approximately. What Canada needs the most is to be brought into the twentieth century. There are manufacturing industries in this country which need huge investments in technology, in upgrading and in new plants. This is true of almost every industry in Canada, particularly the first one which we saw in trouble, the textile industry, and then the automotive industry. The fact is not that the Japanese have all the technology but that they have our technology. They have gone ahead and built new modern plants to build their cars. Canada needs investment, machines and plants if we are to take our place among the manufacturing industries of the world. What has happened? The government has cut the capital cost allowance by 15 per cent in the first year.

Mr. Speyer: Federal cash flow.

Mr. McKnight: My friend and colleague the hon. member for Cambridge (Mr. Speyer) mentions cash flow. One could borrow a lot of money from the financial institutions in this country, and one could have a great cash flow; but there comes a time when such a cash flow must turn around and flow back

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the other way. The government has now said, "Whoa! Before you turn around and send it back upstream, we will tax you. You will have to pay tax on the money you are sending back." Every small-business man survives. As a matter of fact, I know many who earn their daily living from cash flow. It is not that their businesses are developing or that they are increasing their monthly draws to provide their earnings. They stay ahead of inflation through increasing cash flow.

I have considered the bill before us and I will vote in favour of it because it is all this government has offered small business. It has provided \$700 million. I guess I should say that we are really lucky because the government has finally done something. However, when one compares \$700 million to the billions of dollars the government is taking out of small business through the budget of November 12, one really wonders if there is a future in this country for the enterpriser, for the small-business man or woman, and for the people who have built this country.

I cannot understand how such a budget could come from a party with the historic concern—though not in the last 12 or 13 years—which the Liberal Party has expressed for the small-business man or woman in this country and for the growth and development of this country. I simply cannot understand what has happened to the party opposite, to the Liberal Party of Canada, which would cause it to bring in a budget which will take the very heart and the creative core right out of Canada. It will not only do this, but it will also cause a situation where, in any future slowdown in our country, we will not have sufficient businesses upon which to draw encouragement or strength to pull ourselves up by our own bootstraps.

I will be voting in favour of this bill because, as far as I can see, it is the only thing which the Liberal government opposite has done for small businessmen in Canada since it came into office in February, 1980.

Mr. G. M. Gurbin (Bruce-Grey): Mr. Speaker, I join in this discussion of the bill following the hon. member for Kindersley-Lloydminster (Mr. McKnight). As I sat listening to him, I was actually depressed. I think that is partly a reflection on his ability to strike at the very core of the issues with which we are faced here, and it also reflects his very sympathetic understanding of the plight of small business in the country. It is a little bit difficult to be enthusiastic about speaking on the bill, after hearing about all the difficulties which the country is facing at large; but I think it is an important message, and I congratulate him for having well delivered it.

Bill C-84 is a bill which none of us is about to oppose, as many hon. members have previously said. It is a bill which really changes the original bill of 1961, which first came through as S-10, one which increases the amount of money the government will guarantee to the conventional lenders in the country on behalf of small business. In general, it is a measure which everyone can support. I believe hon. members who have spoken previously today have referred to the issues which surround the bill, and have considered the necessity of the bill with regard to small business.