

*Income Tax Act*

Canada. The small businessman is quite prepared to do this providing he has a quid pro quo, or providing certain structural changes are made. The large and growing service industry has similar problems, but they are cast in a slightly different way.

Competition tends to bracket the gross profit of the service industries within certain upper and lower limits. When costs beyond the control of the small businessman squeeze profit to the extent that the bottom line, or the net profit, shrinks below acceptable levels, then the businessman is in very serious trouble.

Most of these companies are either owner-operated or are private companies with a small number of investors. They cannot go to the market, so to speak, for venture capital. If there is a sustained downturn in the economy, in many cases they just cannot survive without some extraordinary financial assistance. Many go into bankruptcy, as current statistics prove. If you examine the expense items of the average small business, you will see a dramatic upward change in items such as municipal taxes, business tax, Bell telephone rates, bank interest charges, insurance rates, unemployment insurance rates, workmen's compensation, extended health care rates, and so on. These are charges which the businessman cannot control in any realistic way. Add to that the cost of heating a plant, transportation, and the unbelievable cost of travel, as I have mentioned, and you begin to get an idea of the dimension of the problem.

Observers on the outside could easily say that they should increase their investment. However, to that kind of a question the businessman answers, "Where do I get the money?" Most small businesses have very little leverage in the money market. With the ever-increasing push of inflation, the original investment in constant dollars is dramatically reduced in current value. The cost of borrowing money is at an all time high. The question is: where does the small businessman go for additional capital?

In fact the small businessman asks, "What did I do wrong? In good faith I have invested money in a business venture, I have employed people, I have paid my taxes and I have complied with the many regulations which have cost me untold hours of unnecessary work." Yet many small businessmen now face the possibility of becoming casualties through no fault of their own. The fault is both through poorly-thought-out government policy, and the bureaucracy which taxes and taxes beyond the ability of many small businessmen to pay.

As a remedy the ministry has suggested doing another study. There have been so many studies done that this is absolutely ludicrous. If anyone wants studies on small business, they need only talk to the Canadian Federation of Independent Business or other such organizations which will give them the results they have. The problems are known, the solutions are known, but nothing happens. We hear only that more studies will be done, more press releases issued, and more pious speeches will be made about how great the small business sector is and how important it is.

As I see it, there are some solutions. I am not one to stand up and lambaste the government without offering some solu-

tions. Many times members opposite ask what we would do. I will give the minister some suggestions. Maybe he will like them and maybe he won't. As I see it, the solution to much of the paper work which comes through the average business is just to separate it. If it pertains to taxes, you have to pay your taxes. There is no way out of that. If it is other unnecessary things, I say buy a rubber stamp which says "non-applicable" and send whatever it is back to the appropriate department. Just tell them that you do not have the time.

If the Metric Commission comes to your retail store or plant and orders you to buy a new metric scale when you feel you do not need it, tell them where to go, and challenge them to take you to court and make their case before a judge, as they did in Peterborough. I understand there they padlocked scales and doors and so forth. I think it is time that the small business sector said, "No more. Do what you will, but we are not going to have any more".

I come now to the area of research and development. Does anyone in the ministry really know what closes down an R and D project in a small business? It is not the lack of ideas. It is not the lack of market sense. It is not the lack of ingenuity or inventiveness. It is simply the lack of money, Mr. Chairman. I know this is the situation because I have heard it from numerous businessmen with whom I have associated. They get a bright idea, they get it going, and then it is just closed down. The fellow who closes down the R and D project in a small business is usually the guy who handles the money, namely, the comptroller, the bookkeeper, the treasurer, or whoever he is. He just says, "Look, fellows, the way things are we just haven't got the money to complete this project".

Most of the products that will be sold in 1990 have not yet been put down on paper. They are ideas running around in someone's head. If the businessman finds the money that will allow him to produce, you may have a new product that will employ people and contribute to the economy. If he does not, that product or one similar to it will be imported from some other country which has a business sector less fettered by government than this one is.

• (1600)

I want to make another comment about nationalization and to read a quotation sent to me by one of my constituents. The quotation is from *The Metal Bulletin* of December 16, 1980. It is a speech given by Sir Richard Marsh, minister of power at the time of the second state takeover of the steel industry in Britain. He said this:

Looking back, I regret the nationalization of steel as one of the most disastrous things I have done in my life. If I had not fought for the nationalization of steel, the British economy would not be in the mess it is in today.

I offer that as some advice to those who feel we must go on with Canadianization, nationalization, or whatever you want to call it. It is a dangerous route to follow.

Let me get back to some solutions I want to suggest to the minister. Small businessmen should be allowed to create a reserve for research and development from taxes payable to the federal government. It could be handled somewhat like an