

*Government Organization*

respect and he did not open any new horizons in spite of the fact that a great many should be open in the field of industry which is after agriculture the very basis of the Canadian economy. If we manage to make a profitable industry out of agriculture we will find there the consumers we need. If we manage to finance consumption as well as production, we will find there a domestic market which would allow a great many of our industries to live. As I said earlier, if the minister were willing to deal with the taxes and the interest rates, we would have a prosperous industry.

At this stage, I would like to support the cause of the small industries. There are three kinds of industries in Canada: big, medium and small industries. The latter have the right to survive, just like the big ones, but I would like to point out to the minister that they do not have the same advantages as the big ones.

Actually big industries benefit from the advantage they get from their capital stock, which they do not have to pay back. They operate with millions and can get the capital necessary for their operations from the stock market or from various institutions which buy part of the capital stock of large companies.

But small industries are unable to venture into the stock market because conditions are too stiff and too precarious. Thus it is impossible for them to get capital from it. Small industries try to get capital through other means. They get incorporated as companies that float bonds on the market or attempt to sell stock to friends. They try to sell part of their capital stock but people are not willing to buy it.

One wants to see the small industries expand but no one will buy their stock because everyone is afraid to lose money. Moreover, since the government grabs all the unused capital including that of Crown corporations or government agencies, the thrifty buy bonds issued by different governments, municipalities or school boards, and there is no money left for the small industries. Thus, the small industries have a problem with regard to capital, because taxes are too high and too numerous.

Even if it is making profits, the small enterprise cannot survive because it does not have enough capital to get organized in such a way as to become a paying concern. Therefore, it must borrow money from the government, from the Industrial Development Bank whose present rate of interest is 10 per cent and perhaps more. Because of this high rate,

[Mr. Latulippe.]

the small enterprise has to make money in order to pay back some capital each year. It must also pay interest on capital and taxes on the capital paid back and the depreciation funds. It is therefore in an unbalanced position. As a matter of fact, the small enterprise cannot develop at the same rate as the economy and in accordance with present-day scientific standards, because it cannot correct all such deficiencies.

Also, all levels of government levy taxes. In the area of transportation, for example, the small enterprise, which is located far from the larger centres, is in need of transport and has to pay very high taxes on gas, on truck parts, on just about everything. It incurs a lot of expenses of which the large enterprise is free. As the small enterprise must pay taxes, reimburse capital and pay exceedingly high interest rates, would the minister tell us how he intends to help the small industry? By what means does his department propose to promote the growth of underdeveloped areas?

Small industries are to be found mostly in underdeveloped areas. Then, if we want to assist those areas, we must obviously help the small and medium-sized industries because the big ones, that run on millions and millions of dollars, are not established in those areas.

• (3:10 p.m.)

In case we want to reorganize or balance our economy again, so that the deprived areas may become normal ones, where production might be possible and more jobs available to the labour force, the minister will certainly have to suggest solutions other than the one contained in this bill.

In his bill the minister speaks about promoting tourism and creating external markets. Now, to create domestic industries able to compete on external markets, we must see to it not only that they pay taxes but also that they are in a position to expand to a greater extent.

Mr. Chairman, one of the main points in the minister's bill is industrial expansion, to help underdeveloped areas. In my opinion, the minister insisted mainly upon regional disparities as regards the areas he wishes to promote, and I believe that we cannot promote such areas by creating more jobs, because if we want to increase productivity, by all means we will have to draw on modern scientific and technical progress. Now, if we apply the new technical and scientific methods, instead of increasing the number of employees, we will have to reduce it, for