

Income Tax Act

Canadian corporations. I suggest that the new law should provide incentives to encourage Canadians to invest in Canadian societies.

There was some mention of "four times something".

Of course, some mathematical formulas are set in the bill. Indeed they had to be to save the hon. Minister of National Revenue the trouble of making rules on ways and means of implementing the new legislation and perhaps to invite him to use his controlling authority more sparingly.

Many theories are brought forward in the discussion of those figures. Some say it could harm Canadian industry, but that has not been substantiated. However, if sections of the bill really hurt the national economy and employment promotion, I am convinced that as soon as there will be evidence of it, and even before that, the government will have enough far-sightedness to make the necessary amendments.

[English]

Mr. Saltsman: Mr. Chairman, I had hoped to spare the committee a third dissertation in one day on this particular section.

Mr. Benjamin: Don't do it.

Mr. Saltsman: I have been persuaded by my colleague that I should not do it, and since I value his judgment very highly I should like to contribute just a few remarks to this debate, particularly in response to some of the arguments made by the hon. member for Edmonton West who I see is trying out a government seat. Although the polls are somewhat better than they have been for his party, I think he is being unduly optimistic.

I always listen with great interest to the remarks of my hon. friend from Edmonton West because they are remarks that are seldom heard—seldom since the eighteenth century anyway. I think the last time such views were held was in a book entitled "The Fable of the Bees" by Bernard Mandeville. The argument was essentially that of the hon. member for Edmonton West and it ran something like this: We should encourage the luxurious consumption of the well-to-do because, after all, the poor benefit because the rich hire chimneysweeps, the rich need people to look after their gardens, the rich require clothes which need buttons sewn on, and all kinds of things. So we should see that the rich have lots of money and that no one takes their money away because, after all, they provide employment and where would society be if the rich did not have the money to provide employment?

• (9:30 p.m.)

This is basically what my friend thinks. I for one have never suggested that the money which goes to business or the money which goes to those who already have it is locked away somewhere and is not used. That is not the argument at all. The money is used. The question is, for whose benefit is the money used and whether that is the best way to stimulate our economy. This is known as the trickle-down theory. If you have enough rich people with all kinds of consumption or investment plans, then everybody else must benefit. This might have been a valid enough theory in the seventeenth or eighteenth century,

[Mr. Leblanc (Laurier).]

but surely our economics have advanced beyond that point.

I think the issue in this debate is whether the \$400 million given under the old program and the \$300 million under the proposed legislation is best used to help the economy by being dispersed in the way suggested. I think not. This is the argument I have been attempting to make. I also heard the hon. member for Edmonton West say that if we do not give business some of these advantages and tax benefits, prices will rise. What I believe he is really saying—I hope I am interpreting him correctly—is that business will take what it wants to take regardless of what we do with our tax system; that we can increase taxes or put off giving certain benefits but they will still take what they want to take.

I think there is some evidence that this is what is happening, but it hardly seems pertinent to the debate before us. More importantly, however, I want to meet the direct challenge the hon. member attempted to put to me when he asked what I or my party would do to replace the present legislation since we have said we are interested in helping small business. We are very concerned about this. He asked what we would do rather than have this \$400 million bonanza. I think that was a fair question.

Since some personal elements have crept into this thing—there has been reference to myself as a small businessman—I might say I have been in business for about 25 years and therefore have some experience. I have even met a payroll on occasion, and on occasion did not meet it because we did not have the money. So I believe I am qualified. Somebody has put the stamp on me and I can now talk about these unholy measures which are restricted to somebody who has met a payroll.

Let me recall some of my experiences. My opposition to this arises from my experience. At a time when I desperately needed help, this legislation was of no help to me. A small businessman needs help when he is not in a profitable position and is attempting to get off the ground. He does not need it when he has a profit position of \$30,000 a year. Some of these people do not get off the ground. The way to help them is not by giving them an additional reward when they have made money. They do not need it then. However, they do need it when they are starting up.

One of the finest programs the government introduced is one which unfortunately the banks have never extensively promoted. I am speaking of the small businessman's loans program by which a person could go to a bank and obtain \$35,000 payable over a long period at a low rate of interest. That was of more value in getting people started in business than anything else. Another thing which has been of value has been reduced depreciation. A small businessman needs assistance in the way of an initial loan. He needs it in the way of assistance if he is going to do research if he should be in that kind of field. He needs it to help him in marketing. He needs it in his contacts.

Perhaps he even needs a preferential buying arrangement. He needs it to build up his inventory if he should be in the retail trade. He perhaps needs it in the way of a tax deferral if he can indicate he is in an expansionary period. All these are legitimate ways, in my view, to assist small businessmen. They are ways to help small businessmen to