

Income Tax

Mr. Cosgrove: That would be a major thesis, Mr. Chairman, for the Government providing any stimulus in the economy. Probably the best example of which I am aware, in terms of ministerial responsibility, concerned some of the housing programs which returned almost three to one, in terms of what was put into the economy and what we saw generated directly and indirectly as a result of the expenditures of funds. Government employs that theory in many of its programs.

Mr. Hawkes: If the Government employs that theory, and uses it, I must then conclude that the study done by the Canadian Federation of Independent Business is not being followed through as a piece of advice because the Minister has contrary advice. May I ask the Minister whether the contrary advice is coming from his Department of Finance officials?

Mr. Cosgrove: Mr. Chairman, I should probably add that the study done, for example, by the Canadian Federation of Independent Business did not assume that any of the activity which occurred would have occurred without the bonds. That is the point I raised before the break at lunch. I do not know how economists or even practical business people can make those kinds of assumptions or, conversely, how figures can be determined as to what percentage of economic activity did result from the bonds or from the initiative taken by the Government. We know that tax programs have leakages. We know from practical experience that some things which would have been done by small businessmen would have been done by people taking advantage of programs of the Government, but we cannot quantify it.

Mr. Hawkes: What is the data base on which the Minister is making the decision to transfer the money from development to survival? If it is not rational choice, if it is not based on data, does it amount to darts in a dartboard? Is it political judgment? On what basis is money being taken away from development and directed over to the side of survival? Do we have any idea as to whether it will help or hurt the Canadian economy, the one kind of expenditure versus the other?

The Deputy Chairman: This will be a final exchange, if I may indicate, because the time allotted to the Hon. Member for Calgary West has now expired.

Mr. Cosgrove: Mr. Chairman, as I have indicated, it is not an "either or" proposition.

Mr. Hawkes: It is. The Bill is "either or".

Mr. Cosgrove: The effect of clause 9 is to expand the operation of the clause to unincorporated small business persons. In addition, it is to target it toward people who are in specific and very desperate need of this type of assistance. Therefore, the provision is, first, expansionary, second, it is sensitive, I thought, to the plight of small businessmen. Certainly Hon. Members on this side of the House have been alerted. We have received representation that this type of assistance would be welcome to people in very difficult circumstances.

I think for example of the representations made by colleagues of the Hon. Member addressing the plight of farmers,

for example. There has been a request for Government action to assist that community. We know that the bond, as amended, has been used by the farming community in the majority of cases. What we are attempting to do, not only as politicians but as people sensitive to the plight of other Canadians as well, is to help and direct that assistance to Canadians who need help.

I do not know why the Hon. Member would disagree with the Government when his own colleagues feel that the farming community is deserving of this type of help.

Mr. Riis: Mr. Chairman, I wanted to raise a few last questions with regard to the Small Business Bond and Small Business Development Bond and then, hopefully, to move on to other Clauses shortly.

I want to clarify two or three points which have been made. One was raised by the Parliamentary Secretary to the Minister of Finance just before we broke for lunch, when he was speaking at some length about the great gift given by the federal Government to small business by increasing the maximum of accumulated earnings which would enable a small business to qualify for the small business tax rate, moving from \$750,000 up to \$1 million, as though this was some great gift. It must be stated that this was simply a recognition that the upward ceiling has not been altered over the last number of years and, with inflation carrying it, it was only sensible that this should be increased to recognize the realities of inflation in Canada in the last few years. On the other hand, he also went on at some length to try to say that the Government was trying to assist small businesses in their efforts by this bail-out bond, that was in the best interests of Canada, and that he did not understand why various Members opposite were going on about the money that the Government could find to assist Dome Petroleum, Chrysler, Maislin and Massey-Ferguson, and so on, when we could not find any money for small business. The Hon. Member went on to say that the Government has had a number of representations from the small business community saying that this was a good, progressive step that was going to assist Canadians. I would agree that a strong case can be made that way, but it need not be one or the other. What we are saying, Mr. Chairman, through you to the Minister, is that if we are prepared to go out on a limb for hundreds of millions of dollars for some large corporations, why are we not prepared to do the same for small businesses across Canada, farms, small ranches and fishermen, that kind of entrepreneurial endeavour? There seems to be a bias in the choice of those whom we assist and those whom we do not.

• (1540)

If the Minister believes, as he sits here today and reacts to the questions that Hon. Members have put forth, that the Small Business Bond is in force and is being used by all kinds of small businesses across Canada, that is simply not true, in my estimation.