

Income Tax

rose and repeated a question which had been answered four times in the House. Is that ever frustrating! It must be frustrating for Canadians who are looking for refunds when they look at the nonsense which has been going on in the House this afternoon.

Mr. Riis: On that side.

Mr. Orlikow: I do not want to prolong the debate, but I do not appreciate a lecture from the Minister when I have probably taken in this entire debate 15 minutes last week and five or ten minutes today. First I say to the Minister that Hon. Members of my Party have not criticized and will not criticize the Government because the deficit is too large. If the deficit is used to improve production and to provide employment, we will not say that it is too large.

Second, just because the Minister answered the point put forward by us with an argument that we do not accept does not mean that if he repeats it once, twice, four times or 20 times we will accept it.

Finally, if the Minister says that he cannot do more because of the deficit, I find it a very strange argument. When the loans went to companies that wanted to expand their production or to develop new projects, these firms were succeeding and would pay back their loans. I do not think we have to worry about a larger deficit by lending money to such companies. When we lend money to companies which are in real financial difficulty—and I am not saying we should not—in all likelihood a substantial percentage of them will not succeed even with the loans. In that event there is a very good chance that the Government will lose money, that loans will not be repaid, and that indeed the deficit will be larger. I do not understand the Minister at all and I am sure that small-businessmen who need assistance by way of Development Bonds do not understand him either.

Mr. Cosgrove: Question, Mr. Chairman.

Mr. Riis: Mr. Chairman, I have two quick questions. The Hon. Minister should be less prone to tirades about how terrible the Opposition criticism is. However, we do not find it surprising because if this Bill were brought in by anyone, it would receive the same criticism. What supportive correspondence did the Minister receive from tax accountants and tax lawyers indicating that the Bill was needed at this time and that it was a good Bill? I would be surprised if he received much mail of that nature. My question is really twofold. Has the Minister or his departmental officials conducted any analysis to indicate who are the major beneficiaries of the Small Business Development Bond Program in terms of who benefits most from the tax holiday and from assistance going directly to small business?

My understanding is that once interest rates reach a particular level, the main beneficiaries unquestionably are banks in terms of tax advantages accruing from the bond. Can the Minister confirm or deny that?

Mr. Cosgrove: Our analysis is different, Mr. Chairman. Our analysis is that it is the borrower under the new Clause or the amendment before us, by and large the take-up has been used 60 per cent by farmers and fishermen and the balance has been used by the small-business sector. Any interest rate projections done by the Department show that the borrower is the greater beneficiary.

Mr. Riis: My last question to the Minister is: of the \$2 billion lent out under the Small Business Development Bond Program, what was the financial gain to the banks of Canada in terms of the taxes they were not required to pay as a result of the bond?

• (1640)

Mr. Cosgrove: Mr. Chairman, I am advised it is not a large amount.

Mr. Riis: Mr. Chairman, in closing I want to register a very strong concern about a program which obviously benefits the chartered banks of Canada, either to a greater or a lesser degree, depending on what one wants to admit or what one wants to calculate, and for the Minister to say there are no figures available with regard to a Government program subsidized by the taxpayers of Canada, that he has no idea to what extent the banks of Canada have benefited by this program, I think indicates some very, very loose fiscal practices. It is certainly the kind of question the taxpayers of Canada would want to know, that is, to what extent are they subsidizing the chartered banks?

Mr. Cosgrove: Mr. Chairman, I have indicated that I do not have those figures at hand. I would make them available to the Hon. Member, but who are we kidding? We know the Hon. Member is sore at banks. We know the Hon. Member's Party would not participate in an analysis of the banks and their profits last year, which was conducted by the Standing Committee on Finance, Trade and Economic Affairs.

Mr. Young: That is not correct.

Mr. Cosgrove: Representatives of the Hon. Member's Party left during the study. We know where the Hon. Member comes from. I can provide him with those figures. I can indicate to the Hon. Member that the main beneficiary under the analysis was the user. I will give him the figures as to what advantages the banks did enjoy. But it was only part of the larger study done by Hon. Members, except for those in his Party who left. I will make those figures available.

Mr. Riis: Mr. Chairman, I want to make it perfectly clear to the Minister that he did not participate in any aspects of the inquiry into bank profits while Members of the New Democratic Party participated throughout the entire analysis. It was just when the final report was being drafted that it became perfectly clear that Members of the Progressive Conservative Party and Members of the Liberal Party, acting literally as spokespersons for the banks of Canada, were prepared to engage in a complete and total whitewash, and what we said