

Income Tax

that we should confine the business before this House to the Clauses which are before us, his question, of course, is not in order.

Mr. Hawkes: Mr. Chairman, I am quite willing to submit that question for your adjudication as to whether it is right on for the Bill. As I understand this piece of legislation, the Minister intends to get rid of the Development Bond and replace it with a survival bond. He tells us at the same time that it is because there is a limited amount of money. Right at the heart of this Bill lies the issue as to whether or not the money is better spent on development or on survival. One way of adjudicating that is whether or not the Development Bond produces increased revenue for the Government compared to the survival bond. Which way of spending this money, the old way or the new way which the Minister is proposing, produces maximum revenue for the Government of Canada? It is right central to this issue.

Mr. Cosgrove: Mr. Chairman, the Hon. Member has not repeated his request for information about Petro-Canada. It is that aspect of his original question which I thought was somewhat incongruous in light of the legislation before the House.

I would remind the Hon. Member of the response of the Parliamentary Secretary before the break. The legislation before the House accomplishes two things. It expands the amount of income that is available to be treated under this Clause. On the one hand, it addresses the issue of economic expansion—increased economic activity—through the small business sector and at the same time it also addresses those most in need by targeting assistance under the amendment to those firms in serious financial difficulty.

Moreover, I would remind the Hon. Member that the description of the bond has not changed. The Government, in taking a look at the Small Business Development Bond, was quite impressed with its performance for the first few months of operation. The Government will continue to monitor the Section to see what impact it has on the small business sector and whether it is conceivable to have adjustments or alternatives in the operation of these two Sections in the future.

• (1530)

Mr. Hawkes: The Minister has not answered my question. Is that because the Government does not have that information?

Mr. Cosgrove: I am sorry, Mr. Chairman, but I thought I had answered the question.

Mr. Hawkes: I think the "blues" will show that perhaps the Minister did not. In any case, if the Minister did, would he repeat the answer? Which way of spending the money, either on development bonds or on survival-type bonds, produces the most tax revenue for the Government of Canada?

Mr. Cosgrove: Mr. Chairman, I indicated that the provisions of Section 8 and 9 do both. I indicated before the break

at lunch that it is not possible, without going into very hypothetical economic performance assumptions, to come up with a very meaningful analysis of the question raised by the Hon. Member.

Mr. Hawkes: Can I take it then that the Government has not done such an analysis, and that that is why we do not receive the information?

Mr. Cosgrove: No, Mr. Chairman. The answer could, I suppose, be analyzed by considering the Government's studies in terms of economic performance over the last two years. Depending on what assumptions are made, I suppose, conclusions could be drawn from such analyses. The analyses are done. What I am saying is that one would have to make an awful lot of assumptions. They would be purely hypothetical studies. The information is there, but the officials advised that they would be strictly that, hypothetical analyses, and based on assumptions which would probably vary from economist to economist.

Mr. Hawkes: I believe the Minister is now saying that the studies have been done but that he will not share them with us. If they will not be before the House, will we as Members be able to receive written copies of those analyses which have been done?

Mr. Cosgrove: No, Mr. Chairman, what I am saying is that the information which is available to the Department of Finance and the Government is probably the same information that is being used by the firm of chartered accountants which is advising the Hon. Member in his preparation for questions. It is information on the economic performance of the Canadian economy which is available to all Canadians.

What I am saying is that the conclusions of the analyses are not too meaningful when one attempts to address the narrow issue which the Hon. Member has addressed.

Mr. Hawkes: The Minister will be aware that the Canadian Federation of Independent Business conducted such an analysis and indicated that money spent on Small Business Development Bonds produced more revenue than it cost. Could the Minister comment on the validity of that study? Is it accepted by his officials?

Mr. Cosgrove: It is one opinion, Mr. Chairman, which was made available to the Department, as I have indicated.

Mr. Hawkes: If the Government were to accept it, would that not indicate that it might be a wise expenditure of public funds? If it produces more than it costs, in private sector terms, it makes a profit. Does the Minister reject the notion of making a profit in this fashion, or does the Minister quarrel with the methodology or the conclusion of the study?

Mr. Cosgrove: What I am saying is that it is only one opinion and one study on the subject.

Mr. Hawkes: May I refer to the simpler part? Does the Minister believe in a tax policy which would produce more revenue than it costs? Is that a good idea for the taxpayer?