

Supply

intelligent ways. Probably the best example is the Small Businesses Loans Act which will lever tremendous activity with very little federal government resources, just a lot of intelligence and good marketing.

Let me conclude with this point. In one quarter of 1992 the real GDP in Canada grew 1.4 per cent. It was the sixth consecutive quarter of growth and the strongest since the second quarter of 1991. At 2.1 per cent inflation remains subdued. In fact our inflation performance was the best among the G-7. Exports have grown by 14 per cent since June 1991. Corporate pre-tax profits are rebounding from their deepest slump in 60 years and are up 30 per cent from their 1991 levels. Business bankruptcies are down, not up, 3 per cent from the levels a year ago. Cross-border shopping is down. All these changes augur well for a much stronger economy in the new term.

What this country needs, what this Parliament needs for the next six months is a celebration of this good news, these positive new forces. The economy is improving. It is the exact opposite of what the motion suggests.

Mr. Dennis Mills (Broadview—Greenwood): Mr. Speaker, I want to start by saying to the minister that we in the Liberal Party of Canada supported his efforts in amending the Small Businesses Loans Act so that the 960,000 people who really drive this economy could get that support. We are happy to see him stand in the House today to commit that after Thursday the bank managers, the 7,500-odd loan officers, credit unions and small businesses of this country from coast to coast to coast will know the act is in place.

It has been a tradition in the House and in government for the last 15 years that after second reading things are promoted in newspapers and on television and radio. To use the Senate as the reason for not communicating the Small Businesses Loans Act is not a good argument. At any rate I want to go on to something else.

• (1635)

The minister talked about entrepreneurial spirit in this country. I think the entrepreneurial spirit is fantastic. I support him in that regard. He also talked about the fact that we are not giving out as many grants today as we did a few years ago. I think he forgot an area where we are giving out billions of dollars in grants.

Because the government has not addressed the tax preferences that have built up in the tax act, not just in the minister's regime but in previous Liberal regimes, it has not really addressed the issue of tax grants to major corporations. The minister knows as well as I do that there are close to \$40 billion or \$50 billion worth of tax expenditures or tax grants. Many of them have not had accountability as to whether or not they are meeting their public policy objective, namely job creation or keeping certain sectors vibrant.

I would like to hear the minister say in the House today that it might be a good time to review tax grants that have been given through the tax act mostly to foreign multinationals.

Mr. Hockin: This is always a murky area where allegations fly around. There is always a bit of truth to them and there is a lot of untruth to them.

On the hon. member's question, no government has spent more time or effort pruning the tax system of loopholes and boondoggles for business than this government. They have just about all been removed.

When we took over we had the scientific and research tax credit which was a terrible leakage. It was brought in by either the Turner government or the Trudeau government before it. Billions of dollars was going down the drain. We closed that. We have worked at closing a whole host of other loopholes. We continue to do so. As a matter of fact we have to because we need the revenues.

What we have not done is introduce a minimum corporate tax as has been suggested by a lot of people because frankly it would just hurt small business. People say they want to make sure that every corporation pays tax. It turns out that small businesses with loan loss carry-forwards from before that finally make a profit can apply their loan losses of previous years against the year's profit. We believe in that. We do not believe in taxing it back.

If they want to take big business and make an exception for it, that is an argument I would like to hear the House debate. We have to remember that small business is allowed two, three or four tax expenditures I believe in. The first one is loan loss carry-forwards. The second is that if a business is part of a grouping of companies it does not tax twice; it taxes once. If it is sending profits or