

*The Address—Mr. Gillespie*

these policies have a long-term perspective as well as the ability to meet short-term challenges, and I shall have more to say about the industrial strategy for Canada, a coherent set of economic policies, of industrial policies, on another occasion. I want to lay that sort of background to my remarks.

I should like to say as well that my predecessor has undertaken a great deal of consultation with representatives of all elements of the Canadian community, and I certainly hope to continue this dialogue and this kind of discussion.

Now, I should like to turn to the three areas which I have mentioned earlier in my remarks. I will have to abbreviate to some extent what I would like to say on all of them. If I have time, I am also prepared to state a position or an elaboration of the recent initiatives in my discussions with respect to the auto companies regarding their pricing policy, something which I mentioned to the House earlier this week.

The three areas which I would like to emphasize are, first, that of expanding trade. I have already alluded to the trade negotiations. We will be entering, I hope this year, what might be described as round seven of GATT. The Kennedy round, which was concluded five years ago, was round six. We are well engaged in the preparatory phase of round 7. Second, the Export Development Corporation is a particular institution to which I think this House should pay some attention because it has been so successful in moving Canadian goods into the export market. As I have indicated, I will be proposing some amendments with respect to the Export Development Corporation.

In little less than three years, the Export Development Corporation has made loans in support of capital goods totalling over \$700 million. This translates into the equivalent of about 100,000 jobs. Indications are that this could increase by another half a billion dollars in 1973 alone—the equivalent of another 70,000 jobs. This phenomenal growth is, of course, a reflection of the growing competitiveness in world markets of Canadian goods, particularly high technology equipment and engineering services. Therefore, in order to ensure that, as our export markets expand, the corporation can continue to provide such an important assistance, I will be proposing substantial increases in the corporation's authorized capitalization and the financial ceilings for the various lending, guaranteed and export credit insurance operations.

I will now turn to the area of small business, and in the course of my remarks I want to emphasize six specific new initiatives in this area. First, I would like to say something about the importance of small business in Canada. Hon. members may know that about 60 per cent of the Canadian labour force is working for establishments having the essential characteristics of a small business. Over 3,500,000 Canadians or 40 per cent of all working Canadians are employed by businesses with 15 or fewer employees.

Small business provides Canadians with many advantages, in addition to the goods and services they produce. I want to emphasize several of them. First, I should say that I regard it as our greatest source of entrepreneurial potential. It strengthens factors of fundamental importance,

[Mr. Gillespie.]

such as personal independence and private initiative, technical and commercial innovation, and Canadian business autonomy. It is an essential element in regional economic expansion because it has a lasting quality, a growing quality. As the previous figures indicate, small business provides the economic livelihood of the majority of working Canadians.

Generally speaking, the most far-reaching federal consideration shown to small business over the past 25 years has been in the field of taxation and financing, and I would like to review these briefly so as to set the other measures in context. Successive governments have made special income tax provisions for small business. As you know, current provisions are that a tax rate of 25 per cent applies on the first \$50,000 of taxable income, of business profits of Canadian controlled private companies. This applies up to an accumulated level of \$400,000 of taxable income. The presently outstanding budget proposal is that in the case of manufacturing and processing profits earned in Canada, this tax rate of 25 per cent will be reduced to 20 per cent, effective January 1, 1973.

Regarding small business financing; in the past, the two most familiar to the House since world war II would be the Industrial Development Bank and the Small Business Loans Act. I would just like to emphasize something which perhaps is not generally known about the Industrial Development Bank. I think that it has had a success far greater than most Canadians realize. Its outstanding loans have been increasing at a rate of better than 20 per cent per year. In other words, it has been doubling its outstanding loans about every three years. It is estimated that by 1975 its outstanding loans should be significantly over \$1 billion. Neither do I think that most Canadians realize that the bank has 46 branches across the nation, and has been expanding its branch operations.

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There is also a wide range of other federal financing programs for assisting both large and small incorporated businesses in specific industries; for example, the automotive industry, shipbuilding, textiles and pharmaceuticals, and for assisting in specific phases of operation such as research and development, export marketing and financing, and the improvement of efficiency.

Most of these programs are administered by my department. They include the program for the advancement of industrial technology known as PAIT, the industrial design assistance program, the program to enhance productivity, the defence industry productivity program, and the general adjustment assistance program, about which I will have more to say in a moment. I am sure hon. members will be pleased to note in the latter case that close to one-third of the approved applications were for companies with annual sales of less than \$1 million, and two-thirds were for those companies with sales of less than \$5 million. The programs of the Department of Regional Economic Expansion have also been a useful source of financing assistance for small businesses.

But despite the existence of these forms of federal assistance for small business, there is still, in many areas, a need for greater access to capital, and although the situation is being continually improved there are new