

Income Tax

• (1250)

Mr. Hawkes: Mr. Chairman, if we make a couple of assumptions, that there was a \$60 billion tax revenue in a \$300 billion GNP and that revenue is about one-fifth of GNP, it would take us to \$400 million on a \$2 billion investment in the Canadian economy and would put us in a net positive position. Does the Minister find some flaw in that logic?

Mr. Cosgrove: I guess the analysis depends upon whether the person who took the loan was intending to move to expansion, to retain people or to bring new people on. We do not know that. It could be that the effect of the bond was just to assist the entrepreneur, or I suppose the corporation because we are talking about the \$2 billion period. The corporation might have improved its balance sheet as a result of using the loan.

The Deputy Chairman: Order. Before we continue, it is not clear whether the comments of the Hon. Member for Calgary West relate to the Clause at large or whether they are specifically related to the amendment proposed by the Hon. Member for Mississauga South. I am not informed as to whether or not the House wishes me to put the question on the amendment. Perhaps the Hon. Member for Calgary West could indicate which way we are going.

Mr. Hawkes: Before backbenchers on the other side vote for or against the amendment simply on the orders of the Minister, I think it might be wise to explore whether or not it is a wise amendment and whether or not it is a wise Clause. Hopefully an informed voter population will reach a different decision than the Minister would like us to reach. There is no sense of confidence, but I have hope.

The Minister indicated that there was a cost to the Small Business Development Bond Program and that it took certain assumptions to obtain any sense of the income which came from that expansion and development. Could the Minister indicate whether or not it sort of misleads Canadian taxpayers to put out just the cost side without the income side?

Mr. Cosgrove: No, Mr. Chairman. I think I have attempted to answer the specifics which led up to that question.

Mr. Hawkes: Is it a matter of Government policy that we just look at the cost side of any program, that there is no attempt by the Government of Canada to stimulate tax revenue and that the stimulation of revenue is not a concern to taxpayers?

Mr. Cosgrove: I have already indicated that we are quite aware of how much money was taken down, how much of this bond was released into the economy. We know the period of time during which that occurred and that it was a significant amount of money. I would argue that \$2 billion in this one sector alone, which the Government of Canada directed toward assisting economic activity in the area of small business, is significant. The result of that would be easily ascertained if it provided the kinds of results urged by the amendment of the Hon. Member.

I am sure that whoever is giving the Hon. Member assistance in preparing for questions in the House and his analysis of the amendment to the present legislation knows that those companies have had ample opportunity of analysis. I would be very surprised if the results of the performance in the small business sector over the last 18 to 24 months would comfort the Hon. Member for Calgary West in urging that we should increase it by a further \$2 billion or even higher, apart from the fact, as I indicated, that it puts pressure on the deficit unless the Government can find some other sector in the economy from which it can withdraw or remove funds. It bears on the finding of the over-all balance sheet of the Government attempting to meet legitimate demands, not only in the small business sector but in many other areas of the economy.

I believe the answer to the question would be most apparent and that the experience in the small business sector probably follows the general experience in the economy. No doubt the Hon. Member through his resources has probably identified that that is the case. If it is not and he has information to the contrary, I am sure the Minister of Finance would be interested in those representations and submissions. After all, in the last month the Minister has met with organizations representing the small business sector. For example, he met with the Federation of Independent Business and with the Chamber of Commerce. He has asked for representations and suggestions as to how else he could be supportive of the small business sector. If the Hon. Member has, through his experience or through people advising him, some other suggestions or research to show the relationship to the \$2 billion that has already gone into the bond, no doubt the Minister would be quite responsive to receiving them.

Mr. Hawkes: It would certainly give us a lot of comfort if we had a slight inkling that the Government did studies of this kind, that the Government looked not only at the foregone revenue but the revenue generated, that it looked at the tax expenditure side and the tax gain side of the equation.

The Parliamentary Secretary in an earlier intervention indicated that I should not draw a contrast between the Development Bond and the survival bond. If the House passes this Clause, the Development Bond disappears and we are left with a survival bond. It is an either/or situation. It is not our choice; it is the Government's choice. It wants to kill development and replace it with survival.

I ask the Minister to check with his Department of Finance officials and to tell us whether the tax revenue, the increase in revenue for the Government, is likely to be greater if the take-up is in Development Bonds. Let us take \$2 billion in development versus \$2 billion in survival versus \$2 billion in subsidy to one company called Petro-Canada. Which expenditure of Government in which form generates the most tax revenue? The Minister has finance officials; they are supposed to model things for the economy. Which of those three produces the most tax revenue for the people of Canada?

Mr. Fisher: Mr. Chairman, in the minute remaining before lunch, I just want to remind the Hon. Member that small