

hard look at just how little these amendments will actually do for small business. Mr. Speaker, couple that statement with the fact that even though actual farmers represent only 5 per cent of Canadians, when you include all segments of our economy allied to agriculture the figure is raised to 70 per cent. This government is looking over or, perhaps I should be saying, overlooking a lot of people who I am afraid have been taking too much for granted.

However, Mr. Speaker, I realize it is too late at this stage to do any more than remind the architects of this bill, whoever they may be, of some of its shortcomings. The real changes will have to wait until the citizens of Canada have the opportunity to vote out of office this government which seems determined to stay in power even though their incompetence is becoming more and more evident week by week.

**Mr. Alex Patterson (Fraser Valley East):** Mr. Speaker, I appreciate the opportunity of participating in the debate on Bill C-14. Although in past years I had the opportunity of serving on the Standing Committee on Fisheries, changes in the electoral boundaries removed from my riding practically all the area in which fishing was an important matter of concern. The result is that at the present time I am inclined to leave discussion of the fisheries aspect to my hon. friends whose constituents are more concerned with that industry.

Nevertheless, in case there should be some misunderstanding, I want to state emphatically that I still have a strong interest in the fishing industry. When we remember the part the Fraser River system plays in maintaining these resources, it is understandable that such an interest should continue. However, it is my desire today to comment on the provisions of the bill which relate to agriculture, an industry of major proportions and consequence in my riding. I should like to deal, too, with the aspects of the bill which affect small businesses of which there are a great many in Fraser Valley East.

● (1530)

When I spoke on the budget last year, I stated that small business in Canada generates more employment, real growth, tax revenue, and bears more of the cost burden of government than does so-called big business. Small businesses are the backbone of the Canadian business community. For as my colleague from Halton-Wentworth (Mr. Kempling) pointed out the other day, they create over 50 per cent of the nation's gross national product and pay close to 50 per cent of the taxes collected by the government, while employing more than 50 per cent—I think the suggestion has even been 60 per cent—of the people working in Canada.

Canada, as was the case with most developed countries, had as its dominant form of enterprise before World War II, small business. I do not mean that there were no large corporations before that, but I do mean that the bulk of all manufacturing and trade was in the hands of family business and regional organizations. In 1951 the dominion bureau of statistics showed that 90 per cent of all retail stores, service establishments, wholesalers and manufacturers had less than 15 employees and accounted for over 30 per cent of the gross national expenditure.

#### *Loans Acts Amendments*

Moving to the present day, Mr. Speaker, much of the output of our farms and factories is distributed to consumers through wholesale and independent retail stores. Many people who have studied economics have pointed out that the destruction of the small merchant carries with it a number of unfortunate and undesirable consequences, such as a depression in real estate values of business properties, a decline in tax revenues to municipalities, a complete displacement of normal credit arrangements within the community, and increased unemployment.

As well I should like to quote a former minister of the Crown, the Hon. E. Davie Fulton. Speaking in the House on May 30, 1960, as reported at page 4341 of *Hansard*, he said:

—the best and soundest economy is that economy which is based upon the maximum participation of the greatest possible number of independent operators in that economy, and that it is an unsound economy which relies for its operations either on the employment of everybody by the government or the employment of everybody by some giant corporation or corporations. Our objective, therefore, and our philosophy in this field is to bring the maximum reconciliation in the way of the protection of small businessmen, on the one hand, and the interests of the community, of the consumers and of society generally, on the other.

That is still the philosophy of this party when it comes to small business. This bill shows the government is taking a step in the right direction, however, in raising the gross revenue allowable portion from \$500,000 to \$1 million and the amount of the loan from \$25,000 to \$50,000. As I say, this is a step, but I am sure the government has come to grips with the real problem. Small business in Canada is fighting for its very survival.

Part of the problem is that all businesses are valued either by the federal government from the point of view of assessing capital gains, or by provincial governments for estate tax purposes, either on the basis of seven times the profits or the net assets value, whichever is higher. Both levels of government assess the small business as though it were a pile of cash in the bank or on the desk from which each can take its shares, and possibly more than its share. It is wrong, I feel, to look on small business in this manner. It is not a pile of cash on the table; it is a vital, dynamic enterprise and should be treated as such. We must ensure that conditions remain favourable for small business to grow and thrive. This can be done through stimulative and expansionary tax regulations.

There have been many instances in which the taxes have been so onerous and the available funds so scant that small businesses have had to be sold in order to satisfy the tax collector. Because of this, those who have been the proud owners of businesses that have been in the family for generations are forced to sell out and compete on an inadequate labour market. It is my position, and the position of this party, that provision should be made for Canadian citizens to invest in the equity of Canadian-owned small business. We believe that the credit, which will be 50 per cent of qualified investments to a maximum of \$5,000 each year, should either be offset against the person's income tax or rebated directly to him. This means that a Canadian who invests, for example, \$1,000 in a qualified business or company will receive a credit of \$500 against his income.