

The Budget—Mr. Mitchell

In addition to this campaign, the government engages in the time-honoured practice of starting large public works projects at times of greatest unemployment.

Bridges, highways, post offices and other works are necessary and admirable yet their value to the economy often ends with their completion, when the jobs they created are terminated.

There is another way in which jobs could be created and the economy strengthened to increase and maintain employment. With only a modest financial commitment, according to the Canadian retail merchants' association, the government could implement capital expansions, totalling as much as \$8 million annually, throughout Canadian communities.

For more than two years, the association and the Canadian wholesale council have been urging the government to sponsor facilities for the loans, through the chartered banks, available to small business concerns, for capital expansion and modernization made necessary by the changing times. A large number of parliamentarians have spoken strongly in favour of such a move and those engaged in the business of Canadian distribution are hoping that this session of parliament will implement the necessary action.

Many small businesses are in difficulties even though they are operated efficiently, Mr. Gilbert says. Times change quickly. Many retailers find their customers are moving away from them into the suburbs, but cannot get the finances to follow. Others face competition from large chain stores and shopping plazas and, though their personalized service may be far better, they must have refrigeration for frozen foods and other modern facilities to match those available in the larger stores if they are to compete.

The difficulty is not that these businesses are unsound or poorly operated, he says, but that store buildings and equipment, good will and demonstrated ability are not acceptable collateral for loans. And without some form of suitable loan facility, an enormous number of small retailers will be forced to vacate the field, leaving the retail trade to a few large corporations.

The retail merchants' association and supporting retail and wholesale trade associations recommend that the government set up loan facilities by guaranteeing 10 per cent of approved long-term loans with a possible limit of \$25,000, repayable over five years. There would be no expensive organization to set up, and losses would be negligible—loans would be made through the chartered banks, and bankers in each community would make loans according to their own business judgment.

The idea is not new, for similar assistance already is available for home improvement, national housing, farm improvement, fisheries improvement, and some other activities.

Small business is the backbone of Canadian economy, employing approximately 700,000 persons in 250,000 establishments and accounting for a turnover in dollar sales of more than \$14 billions each year. They guarantee the competition on which our economy is based and are essential to smaller communities, where the turnover is not sufficient to attract the larger companies.

Statistics indicate that more than 14,500 retailers and more than 3,000 service stores in Canada need capital assistance. Taking an average of \$15,000 with approximately 550 loans a year, an annual amount of \$8 million would be involved. Over a five-year period loans would total \$20 million, with government involvement at \$2 million.

I might add to this statement that the Department of Labour could well include this idea of guaranteed loans in their "Do It Now"

program which they advertised during the winter months. So far this has applied only to the renovating or repairing of homes, but, in view of what I have just read, many a store-keeper would take advantage of this loan arrangement and do much remodelling in the winter months, which would further employ this type of labour when the slack season is in evidence. Also, if the Department of National Revenue would approve, these renovations could be allowed accelerated depreciation which would permit the retailer to save a few more tax dollars which he could deduct from his annual return.

In an address in Vancouver on June 10 last, the Minister of Justice (Mr. Fulton) had this to say in speaking to the retail merchants' association of Canada:

The federal government is proceeding at once to set up a small business section in government aimed at helping small businesses solve their problems, Justice Minister Fulton said tonight.

He said his department's combines branch is carrying out investigations in two fields: an inquiry into loss-leader selling in cigarettes, electrical appliances and the hardware and jewelry trades, and a study of whether some types of grocery stores receive unfair price preferences from suppliers.

In an address to the retail merchants association of Canada, Mr. Fulton said these steps are being taken to remove artificial obstacles to small business in Canada.

The small business section mentioned by the minister was promised by the Progressive Conservative party in 1957 and 1958 election campaigns, and was announced in the speech from the throne.

Mr. Fulton said the section will study problems of small business, provide a government-business liaison and recommend measures to help small business including the terms of a loan fund.

He urged retail merchants to co-operate in presenting their case, bolstered with plenty of facts. "One of the problems is the insufficiency of accurate information at the moment on which to base policies."

The government wanted to know how a small business should be defined, and whether there should be variations in the definition for various types of business. About half of Canada's entire domestic trade is in the small business field, he said. "A segment of the economy of this size and importance should not be dealt with on the basis of inadequate information or snap decisions."

Mr. Fulton's speech indicated the government is considering possible changes in the law against loss-leader selling and discrimination among businesses in the supply of goods. There have been repeated complaints to the government against loss-leader selling of goods, especially cigarettes, to attract customers, and claims that large retail grocery outlets get preferential price treatment from food suppliers.

Mr. Fulton said the law against loss-leader selling forbids selling goods at unreasonably low prices with the aim of substantially lessening competition or eliminating competitors. But there were difficulties in determining whether a certain price is unreasonably low and what its effect is on competitors. He said he hopes the current investigations will show whether the present law is an effective weapon or whether other remedies must be sought.