adversely affected by the White Paper proposals. Small business, which for more than 20 years has enjoyed lower taxation of its profits, may be unable to finance growth as a result of higher taxation unless special new incentives are provided. While we believe that the dual rate of taxation should be eliminated on the grounds that it is not justified either for large companies or for small companies with no significant growth in capital requirements, we nevetheless believe that special incentives through tax deferrals or other means should be provided for those companies which can show need. In this context it should be remembered that small companies have few ways of acquiring additional capital. In the normal sense, capital markets are not available to them and they are largely dependent upon their bankers for additional financing for expansion purposes. Then too, most large companies usually are dependent upon a vast number of small suppliers and distributors.

The disallowance of expenses for attending conventions, entertaining customers or clients, etc. would have a serious impact on the Canadian hotel and restaurant business. Moreover with fewer such facilities in either urban or resort areas, Canadians would tend to holiday out of the country and we will be less able to attract non-resident tourists, thereby increasing our deficit balance of payments position on travel account.

Impact on Balance of Payments on Capital Account

The White Paper suggests that the "balance of international payments would be affected by a number of proposed changes but on the whole it should be modestly improved". This concept seems to be based on the assumption that there would be no widespread sell-off by