

*The Budget—Mr. Macdonnell*

One incident of this development is, of course, the creation of crown corporations. We now have 26 crown corporations and their total assets in 1955 were \$4,458 million. The government through these agencies is reaching into fields where it is in competition with private industry. For example, by reason of the ownership of Trans-Canada Air Lines it is in active competition with other airlines and, of course, through the ownership of the Canadian National Railways it is in competition not only with the Canadian Pacific but with other means of transport.

It is naturally hard for government to compete on an even basis with private enterprise. For example, crown corporations are inclined to seek an advantage in the matter of taxation. Another familiar feature of crown corporations is the tendency to maintain a monopoly. The Minister of Trade and Commerce (Mr. Howe) is a great individualist and for that reason one might expect him to believe in and practise one of the great principles of individualism, namely, competition, freedom. But sometimes there are sad lacks. It would appear that the minister's individualism leads him into strange courses. Sometimes I think his mentality is a war mentality. In war we all accepted controls. The voice of criticism was largely silenced. Achievement by the quickest and most direct method was what we all believed in. The minister lived in this atmosphere for years. Management became largely subservient to him and we have reason to know that the minister found it very hard to give up the almost unlimited powers which he had. We are apt to forget that all we extracted from him by all our efforts two years ago in the defence production debate was a shortening of the duration of his power.

It is not unnatural, therefore, that the minister should have this appetite for power which shows itself constantly and which is particularly apparent in the case of monopolies. T.C.A. is a good case in point. Year after year we hope that T.C.A. will be considered strong enough to come out and face competition. Year after year the minister continues to protect it. The *Winnipeg Free Press* on March 1 had an interesting comment on this monopoly. I quote:

Mr. Pickersgill supplied an ironic little footnote to the air bridge. Although he described it as the largest airlift of its kind ever undertaken by the Canadian government, no Canadian planes are involved. The aircraft that will fly the immigrants to Canada are owned by five United States air lines.

That was somewhat corrected later. The *Free Press* goes on to say:

That is embarrassing to a nation which prides itself on being one of the most airminded in the

[Mr. Macdonnell.]

world. But this is part of the price we are forced to pay for the government's air policy, which hampers the proper development of private companies by refusing to allow them to compete with Trans-Canada Air Lines.

Since this article was written the Minister of Citizenship and Immigration has stated that there have been flights arranged with Canadian Pacific Airlines, so perhaps a dint has been made in the monopoly.

Churchill, who has a word for every occasion, once said something to the effect that government should "get out of the way" and let private industry do the job. Let us hope that this spirit may begin to animate our own government authorities. The results will be beneficial for everybody.

**Mr. Rowe:** Not till after June anyway.

**Mr. Macdonnell:** One would expect, of course, that credit curbs would bear most heavily on the small business and new business. How could it be otherwise? Big business and business not so big, with long established credit, will inevitably come first. The banks will do their best to expand their loans. An expansion of loans of \$1,669 million in the 18 months ended December last is evidence of this, but even then there were those who felt pinched. Branch managers of banks will do their best for their customers and this is a guarantee that the need for small businesses will not be ignored, but when all is said and done there is a serious problem. One might go further and say that the government does not help the situation when it practises monopoly and makes it extremely hard for new enterprises to get into the field in certain industries.

Consider how unfortunate it will be if, over a period of time, there is a falling off in the formation of new business. Even with the huge business combinations of today, many of the important production units are still quite young and it will be a sad day for the future if new businesses cannot be freely formed. As I said, they have their difficulties. In the first three-quarters of 1956, 2,103 businesses were into bankruptcy in Canada. The average liabilities of those up to September were \$22,000. This shows how small they were. Nearly one-third of these failures were small stores—general stores, grocery stores and clothing stores. What is being done about it?

In the United States there are definite provisions for the assistance of small business but in Canada, apart from some income tax easement, there is none.

In the United States the government has established a small business administration, which assists the banks in making loans to small firms and provides small businessmen