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It?s time to unshackle Canada?s small businesses

by FRANK STRONACH

It's understandable why many people often refer to small businesses as the backbone of our economy.

For one, small businesses develop a majority of the new breakthrough products and innovative technologies that fuel Canada's economic growth.

But more importantly, they generate most of the new jobs in this country. According to the latest Government of Canada statistics, small businesses accounted for 98 percent of all companies that employed people. As of 2021, small businesses employed more than 8 million people in Canada, which represents close to 70 percent of the total private sector workforce.

So, if small business is so vital to our country's economic well-being, why aren't we doing more to champion their success and promote even greater growth?

World-famous entrepreneur Sir Richard Branson, the founder of global companies such as Virgin Atlantic and Virgin Mobile, once noted that all big businesses start small.

That's certainly true of my own company. When I started Magna International Inc. in the late 1950s, I opened a one-man tool and die shop in a rented garage in downtown Toronto. I bought some used equipment and slept on a small cot inside the shop. I drummed up my first sale by knocking on the door of the American Standard factory right next to my tool shop.

I hired my first employee after one month. And by the end of my first year of operation, I had ten workers on the company payroll. My small company began to take off: we added new customers, hired more people, and made more money.

We should have thousands of new startups like the company I founded all over Canada today. But unfortunately, we don't.

In fact, I've often wondered: if I were to start Magna all over again today, instead of more than 50 years ago, would I have been able to grow the company as quickly as I did with all the shackles we put on small business nowadays? I very much doubt it.

We've placed so many obstacles in the way of small businesses and burdened them with countless regulations and rules that it's no wonder so many small business don't survive more than a few years after opening their doors.

So, what's the answer? I've been arguing in this column for the creation of a new Canadian Economic Charter of Rights and Responsibilities, and one of the foremost principles in that charter is the elimination of corporate income tax for awwny small business with 300 employees or less.

The one condition attached to eliminating income tax is that the small business owner has to reinvest most of the profits back into growing the business and hiring more employees. The government would receive far more in personal income taxes from the new jobs that small business creates than it ever would by simply taxing those same businesses.

We've got to stop holding back our entrepreneurs by taxing them into the ground and making them jump through countless bureaucratic hoops. If we eliminated all income tax for small business, everyone would win: government would rake in more taxes on business sales, Canadians would have more job opportunities, and entrepreneurs would finally get a fair reward for bearing all of the risks associated with running a business.

By implementing this one single economic action and unshackling small business, we would ignite the Canadian economy and set our country on a path of phenomenal growth.