at all of doing things on the basis of fairness and equity it should accept this amendment.

Since the Secretary of State for External Affairs, when minister of finance, brought in a tax reduction exactly along the lines of this amendment, I hope that he will persuade those around him that a little consistency on the part of the government would be in order and that the government should support this amendment. We think that this is one of the most important features of the bill that is now before us. We support the principle of a tax reduction for the reasons that have been stated, but we think it is thoughtless and unfair to say that the government is giving a tax reduction and expect people to be happy about it when it is structured in such a way that those in the lower brackets get so little and those in the upper brackets get so much. That is why we urge the committee to accept this amendment to clause 3.

• (4:30 p.m.)

Mr. Mahoney: Mr. Chairman, it is always tempting to enter into philosophical discussions with members of the NDP of the kind this particular amendment reflects. It is the line of thought we have heard from them throughout second reading debate. However, the government feels that the corporate sector of the economy is of value and that the reduction in tax for the corporate sector is of value to the national economy. I was glad to hear the hon. member for Winnipeg North Centre speaking to this amendment and indicating his party's intention to vote against clause 4, because this really presents the package to us as representing their point of view.

Any reduction of taxes for any sector will always be subject to the criticism that it is not enough. Any change in taxes will also always be subject to the criticism that the timing is wrong. These criticisms are trite, tired and old but they will always be with us.

I have listened carefully for the last half day but have not found anything new in what members of the NDP have said. The government must accept responsibility for making the decisions on what tax reductions are appropriate and when they should become effective. As we all know, these tax reductions were announced by the Minister of Finance in October and are effective as of July 1 this year. In combination with many other measures and steps taken by the government during the current year and as early as March, 1970, this has had the effect of putting the Canadian economy back on the move in a very satisfactory fashion. I am quite prepared to defend the government's policies and decisions. Certainly the government cannot accept this amendment nor can it accept the advice of the hon. member for Winnipeg North Centre that clause 4 should be defeated.

Mr. Knowles (Winnipeg North Centre): Would the hon. member permit a question?

Mr. Mahoney: Yes.

Mr. Knowles (Winnipeg North Centre): In view of the parliamentary secretary's suggestion that what I was putting forward was a philosophical argument, would he say that is what the Secretary of State for External Affairs was doing when he, as minister of finance, proposed a 20 per cent reduction and a $20 maximum?

Mr. Mahoney: Mr. Chairman, I am afraid I have no way of reading the mind of the Secretary of State for External Affairs a number of years ago, so I cannot answer that. I did not suggest that the amendment was a philosophical argument; I suggested that it reflected the philosophy we have been hearing from the New Democratic Party, and I think I can stand by that statement. I can conceive of occasions when a tax reduction with a ceiling in terms of dollars would be appropriate, but at this particular time it is not felt to be appropriate.

Mr. Lambert (Edmonton West): Mr. Chairman, my colleague the hon. member for Halifax-East Hants has indicated our attitude with regard to this amendment. We have indicated that this tax cut from a personal point of view was somewhat too low, but really it is a question of whether it is too low or whether it is almost wiped out. I would say quite candidly that I think a 40 per cent cut on a six month basis borders on financial irresponsibility. Not only is it the pattern for this year but it will be in effect for 1972 as well because the minister announced that we will have another bill possibly in 1972. There is an indication that there is a $40 limit, which will eliminate all the rich people. The $40 limit is going to take in the carpenters, plumbers, steel workers, and all those people who are now earning $10 plus, unless they have exceedingly large families. When you consider that a married man with two children and an income of $9,000 pays almost $2,500 in tax, you can see where this $40 limit will apply.

There are a tremendous number of people in this country both within and outside organized labour who earn from $13,000 to $15,000. They will be told that they are the elite and should not get the benefit of this tax cut. These people work hard for their wages and salaries. Why should they be hit that much harder for tax? This whole philosophy of taxation indicates that even some of our present progressive income tax system is regressive.

I would say that this amendment would cost the equivalent of the 1½ per cent provision and perhaps more than the corporate reduction. Is the corporate reduction worth nothing? If the government had been prepared to accept this amendment or had proposed one of its own which would have been of greater benefit within the private sector, then we would have been prepared to forgo the corporate sector because of the amount of money that would be put back into the economy. But on the basis of choice, that extra cash in the hands of corporate business is a benefit for them. Of course, the NDP has a blind spot when it comes to corporations. I do not know where and how they think business is carried on in this country. I suppose they say "eliminate corporate business and nationalize everything".

Had this been a somewhat higher tax proposal with regard to individuals, as I say, we would have been quite prepared to forgo the corporate side; but on the basis of the amendment going as high as it does, it is, frankly, financial and fiscal irresponsibility.

Mr. Benjamin: Mr. Chairman, when my friend the hon. member for Halifax-East Hants took his first look at the amendment I think he misunderstood it and was too quick to leap to his feet to say that it was financially irresponsible and to announce his party's opposition to it. I suspect