

what we need for job creation. The result of all these kinds of tax breaks and concessions has been more lay-offs, more expansion by the multinationals outside of Canada, and the highest unemployment we have had since the depression.

I would argue that it would be far better to take that \$1.2 billion and redirect it, in terms of personal income tax cuts to stimulate demand by low and middle income Canadians, and some of that largesse should go to small businesses which are starved for capital, which still employ 60 per cent of the people in this country, and which for far too long have been ignored by the Liberal government whenever it gives tax breaks to stimulate employment.

I am asking the minister will he please explain to me how this kind of program makes sense when all the statistics indicate we are getting lay-offs instead of job creation.

**Mr. Ed Lumley (Parliamentary Secretary to Minister of Finance):** Mr. Speaker, as my minister replied to the hon. member on October 25, and again today during the question period, it is almost impossible to determine the long term benefits of any tax incentives by isolating one specific period of time. If the hon. member looked at past history he would recognize that the growth of jobs, which is the real solution to solving unemployment, has been the growth of employment in the private sector. If our private sector is to be competitive with its international competitors, tax incentives of this nature are imperative.

The hon. member talks about the capacity in the private sector here in Canada today. He must also consider that some of these incentives are not just to solve that situation but also for the modernization of equipment, again to maintain international competitiveness.

The extension of the investment tax credit proposed in the March 31 budget was one of a number of incentives announced at that time to stimulate business expansion and regional growth, to assist small business, and to encourage research and development. The beneficial impacts of such measures naturally take a little while to be fully felt. When they are, they will have a positive effect on economic growth and thereby on job creation. These measures, and the additional measures announced on October 20 by the Minister of Finance (Mr. Chrétien) in his economic and fiscal statement, are necessary to overcome Canada's short term economic difficulties and to set the stage for sustained growth in the private sector.

The government therefore attaches a high priority to the passage of legislation to implement the various measures—including the corporate tax incentives—so that their impact on the economy will not be any longer delayed than is absolutely necessary. These measures are necessary to restore business confidence, to maintain Canada's competitive position and to get the economy moving—in short, to get on with the job of providing jobs.

The hon. member for Sault Ste. Marie (Mr. Symes) indicated that we should be putting more emphasis on small business. If he looks at specific details of the economic measures

announced by the Minister of Finance on October 20, and by his predecessor on March 31, he will see there are many stimuli to provide incentives for small business to expand.

#### *Adjournment Debate*

#### GRAIN—WHEAT—REQUEST FOR CHANGE IN UTILITY GRADES

**Mr. Gordon Ritchie (Dauphin):** Mr. Speaker, I am happy to have the opportunity to debate a problem which affects my constituents and a good number of the wheat producers in the west. It is a recurrent problem that has come with the rain we have had, particularly in the northern prairies. Last week, in reply to my question, the Minister of Agriculture (Mr. Whelan) gave a crop and weather report but did not shed much light on this problem, perhaps due to its technical nature.

● (1822)

The problem of low grades of wheat and their eventual disposal is an economic and recurring one in western Canada, particularly in wet seasons which seem to occur every three or four years. The old grading system which was changed a few years ago had more grades of grain, and therefore when wheat was weathered and damaged it was easier to fit it into a fairer grade in order to give the producer a better return for what he actually produced. The introduction of the new grading system for hard red spring wheat has created problems at the lower end of the scale. I think perhaps the grading system is satisfactory at the top end of the scale. By and large the top three grades seem to be accepted with a differential of something like ten cents a bushel each between No. 1 Canada Red Spring and No. 2 and No. 3. However, there is a 50 cents differential per bushel between No. 3 Canadian Red Spring wheat and No. 3 utility which gives cause for great complaints and grumblings and, furthermore, it is extremely damaging to the growers who live in the Parkland areas. I believe that the present grading of wheat is really designed for the hard spring wheat areas of the southern prairies, mainly in Saskatchewan, and that the Wheat Board and the Grain Commission have not dealt fairly with this problem in the Parkland areas of the northern prairies which, in years such as this, have an abnormally large amount of low grade wheat.

To show the wide range of grading, for instance, an hon. member showed me two samples that a constituent had sent to him, one of which is very good looking wheat that weighed 61 pounds to the bushel. The other was a very poor sample weighing 38 pounds to the bushel. Both were graded No. 3 utility and the producer will receive payment for this grade. Considering the vast difference in quality between the two samples, it is obvious that the grading system is a mess. I believe that part of the problem is due, at least in practice, to the workings of the Board of Grain Commissioners whereby wheat with hardly any damage at all is relegated to this No. 3 utility grade.

I must suspect that the Canadian Wheat Board and the grain handling companies are not all that unsympathetic to this arrangement. In times of surplus of wheat, all of this No. 3 utility will likely move into feed channels. But there are