

*Employment Incentive Programs*

the requirement for additional services to assist taxpayers in submitting proper returns next year?

• (1500)

**Mr. Speaker:** Order, please. I would think that question should be placed on the order paper or discussed at the time of the adjournment. I apologize to the hon. member for Humber-St. George's-St. Barbe, the hon. member for Winnipeg North Centre and others. Perhaps they might be given some priority tomorrow. Orders of the day.

## GOVERNMENT ORDERS

### BUSINESS OF SUPPLY

#### ALLOTTED DAY S.O. 58—ALLEGED FAILURE OF GOVERNMENTS INCENTIVE PROGRAMS TO STIMULATE TRADE AND CREATE EMPLOYMENT

**Mr. Hees, Prince Edward-Hastings (for Mr. Baldwin)** moved:

This House regrets that the government's expenditures for incentive programs have failed to stimulate production and trade in Canadian goods and services and to open increased opportunities for productive employment to Canadians.

**Mr. Speaker:** Order, please. I believe the hon. member for Winnipeg North Centre seeks the floor on a point of order.

**Mr. Knowles (Winnipeg North Centre):** Mr. Speaker, I hesitate to rise if someone in the official opposition is going to do so, but I thought there was an agreement about the length of speeches today. I think the agreement was 30 minutes for the mover of the motion, 30 minutes for the member replying for the government, 20 minutes for the first speaker of the two parties at this end of the chamber and 15 minutes for everybody else.

**Mr. Bell:** I am sorry, Mr. Speaker, but our House leader did try to get complete agreement on this matter. However, it was not possible because some members had prepared their speeches on the basis of the time allotted by the Standing Order. Therefore, I would suggest we leave it the way it was proposed yesterday, that all the rules stand, but if at six o'clock it looks as though some members are being deprived of opportunities, then we will negotiate on that basis.

**Mr. Knowles (Winnipeg North Centre):** Fair enough; I agree.

**Mr. Fortin:** Agreed.

**Mr. Hees:** Mr. Speaker, the most accurate measure of a government's performance in stimulating production and jobs is the figures produced each quarter by Statistics Canada which show the real growth in output during that three month period. These figures are arrived at by subtracting the increase in inflation from the increase in the gross national product, and the resultant figure shows the increase in real economic growth that has taken place during that period of time.

[Mr. Scott.]

I suggest that we begin this afternoon by examining the figures over the past ten years in order to judge the performance today compared with the industrial effort this country has made during the past ten years. During 1962, the first of those ten years and the last year the Conservative government was in office, the real output achieved in this country increased by 6.8 per cent. The average yearly increase during that ten year period has been 5.5 per cent. The figure released last Friday by Statistics Canada shows that during the first quarter of this year real output in this country increased at an annual rate of only 4 per cent, following a similar rate of increase during the last quarter of 1971. So we see, Mr. Speaker, that our industrial performance today is considerably below the performance over the past decade, and it gives a clear indication why unemployment remains well above the 6 per cent level. The natural question that arises is this: Why should our performance today be so far below what it has been in recent years? The obvious answer is that the government has failed to introduce adequate measures to stimulate the economy.

The next logical question is: What should those measures be? In answering that question, I suggest that we first take a look at the proposal the government made on May 8 last for stimulating the economy. The Minister of Finance (Mr. Turner) announced a reduction in corporation income tax paid by manufacturers and processors, to come into effect on January 1 next. However, this tax reduction will be largely nullified by two important tax increases which are to come into effect on that very same day. I think it is interesting to note that in his budget address the Minister of Finance made no reference whatsoever to these two tax increases. One member on the government side, who was recently a member of the cabinet, suggested the other day that the Minister of Finance simply did not know that these taxes existed, but that, of course, is nonsense. The Minister of Finance must have known. Obviously he did know, and he did not mention either of these tax increases on that occasion simply to avoid embarrassment.

The first of these tax increases is the additional 5 per cent corporation tax that will be paid by all companies other than manufacturers and processors on January 1 next. As hon. members very well remember, last October the former Minister of Finance reduced all corporation income taxes in an attempt to stimulate business in general, but this tax reduction was only effective until January 1, 1973. On that date the amount of corporation income tax payable by all companies, other than manufacturing and processing companies, will go up by 5 per cent. Since businesses, other than manufacturing, comprise 65.8 per cent of the Canadian economy, this 5 per cent tax increase can be counted upon to slow down the pace of the economy to a considerable extent since these companies will have less capital with which to expand their operations. This impending tax increase is today slowing down any plans these companies might otherwise have had to expand their operations at this time.

Second, all personal income taxes will be raised by 3 per cent on January 1 next. When he brought in his budget last October, the former Minister of Finance lowered personal income taxes by 3 per cent until January 1, 1973, when they will return to their former level. It is obvious