

Income Tax Act

the manufacturing and processing sectors. He did not point out that the implementation of this special reduction would still see the general corporate tax rate on all profits not directly associated with manufacturing and processing increased to the old level of 49 per cent from 46.5 per cent. I think this is unforgivable misleading of parliament. There is no reason why a minister of finance who expects the confidence of this House, the public and, most important, the business community has to be so devious in his approach.

Now, almost a year later, the Minister of Finance is still up in the air with regard to his proposal for special tax rates on the profits of manufacturing and processing industries. There is still nothing being done about the general corporate tax rate in this country. Businesses other than those in the manufacturing and processing fields will be required to pay almost 6 per cent more this year than it paid last year. The tax rate on Canadian-owned private companies earning less than \$50,000 will be increased by 7 per cent in 1973 compared with 1972. The minister's proposed special rate will bring this tax down in relation to manufacturing and processing profits, if he ever gets around to implementing that provision; but for all other business profits the rate of taxation will have increased from 1972 to 1973. I should add that in February of this year the Minister of Finance did correct the personal income tax situation by reinstating the lower rate effective January 1, 1973. He proposed a cut in relation to the 1972 personal tax rates, and if he ever gets up to date with his budget bills parliament will be asked to confirm them.

The February 19 budget speech made no mention of doing away with the general corporate tax rate increase to which I have referred. One can only presume that the government fully intends this increase to apply throughout 1973, and perhaps indefinitely. After reviewing the history of previous forecasts in Benson and Turner budgets one begins to wonder about this type of devious presentation of what they are in fact doing for business. How can we expect industry and business in this country to have the confidence they should have to ensure they will indeed produce the employment we will need in future years?

Not only with regard to the handling of tax measures should the government be criticized. As a Canadian, I have been deeply concerned about the great increase in business failure in the past few years. The most recent Dun and Bradstreet report shows that 2,848 Canadian businesses went bankrupt last year. That figure is the highest in recent history. It is unequalled since the depression of 1932, when there were 2,938 failures. The difference is only 3 per cent.

• (1520)

This intolerable situation was treated as a priority during the recent election campaign, during the course of which my leader and myself campaigned on the basis that there should be great assistance to smaller businesses in this country. The situation had become so desperate that action in two areas was forecast in the Speech from the Throne. The two items singled out—the only two items—were as follows: first, there was to be aid to small businesses through new initiatives to strengthen management

[Mr. Stevens.]

and consulting services; and, second, the provision of improved access to financing facilities by way of improvements to the machinery of the Industrial Development Bank.

Despite the continuing gap between government policy and productivity, I was greatly encouraged by that statement in the Speech from the Throne, believing that this promise of reform would at long last materialize in the budget. My faith was reaffirmed by the opening remarks in the budget speech of the Minister of Finance on February 19, as follows:

This budget is aimed at the faster growth of our economy and the strengthening of its basic structure.

When the budget presentation ended without evidence of any satisfactory attempt to fulfil its promises, any faith I had in the government's credibility collapsed. The chicken had laid an egg—and it was not a golden egg. The net result of a myriad carefully worded Liberal promises, then, is clause 60 of Bill C-170. This clause would implement paragraph 55 of the income tax resolution, which reads as follows:

That for the year 1972 and subsequent taxation years, the tax in respect of ineligible investments under part V of the said act shall be repealed.

This tidbit of proposed legislation might be equated with the tip of the proverbial iceberg. Speaking on behalf of all Canadians who were led to expect comprehensive legislation designed to guide us back to a firm economic footing, I can only say it is unfortunate that the greater part of this anticipated legislation remains submerged. In short, the Minister of Finance has put small business back to square one. The legislation before us seeks the repeal of a negative measure, and introduces no positive ones, in what is apparently yet another ad hoc approach of the kind so often adopted by the Trudeau government in the last five years.

The Minister of Finance is quite correct when he names unemployment and inflation as Canada's two main problems, but I suggest he is totally incapable of coming up with a solution to either problem.

Mr. S. J. Korchinski (Mackenzie): Mr. Speaker, I intend to deal with several subjects this afternoon. However, before I do I should like to comment on the contribution of the hon. member for Skeena (Mr. Howard) with regard to the special difficulties of those who live in the north. His remarks were well made. I am sure the government is aware of the need for special consideration for those who face the exceptionally high cost of living in the northern regions. We have recognized that this special situation exists by providing increased expense allowances for members of parliament who represent northern constituencies. We realize it is far more costly to travel to these locations, and travel within northern regions is also costly. Then, again, the cost of food is sharply increased by the necessity of bringing in by air so many supplies. This is on top of the present price levels with which all Canadians are becoming familiar.

The Minister of Finance (Mr. Turner) had a wonderful opportunity in the budget to deal with the economic difficulties of Canada. He might have done something, for example, to reduce the cost of housing, which is vexing so