

Job Creation

is nothing more than a bail-out provision. We know that a moratorium has been put on those bonds by the Royal Bank of Canada and by the Bank of Nova Scotia. I am concerned that it is the banks' belief that they are dealing with failures or cases of insolvency. They are not dealing with cases of expansion of business and the creation of jobs. Although I welcome the extension of this bond to unincorporated businesses and farmers, in circumstances where healthy businesses cannot expand this bond will have no impact. Healthy business which expand have the jobs. I think the bond itself has lost its effectiveness. That belief is fortified when I look at the figures in the budget papers. It says the contribution of the federal government with respect to the bond will amount to only \$20 million. Last year the federal government contributed \$200 million. Projections are there for the next three years.

Let me move on to the capital cost allowance. I asked the minister yesterday why there was such a massive tax grab. He said from his place in the House of Commons that the federal government would not be receiving one cent. Not one dime. That was in *Hansard* for yesterday.

Mr. Evans: That is not true and you know it.

Mr. Speyer: I refer the parliamentary secretary to page 4 of the budget papers. In 1981-1982 the federal government will derive \$110 million, but in fiscal 1982-1983 the federal government will derive \$1.1 billion and in fiscal 1983-1984 the federal government will derive \$840 million. This totals more than \$2 billion for those three years. That is a massive tax grab. It is a transfer from the private to the public sector.

I contrast that with a budget brought in on May 8, 1972, by the Hon. John Turner. Unfortunately yesterday's incentive has become today's loophole. I shall put on the record what Mr. Turner said at that time, as reported in *Hansard* at page 1988. He stated:

Mr. Speaker, my first words to this House as Minister of Finance last February were that my most urgent priority was jobs. This remains my first priority. No economy is working as well as it should if there are men and women in this country seeking work who cannot find it. The search for jobs is a human problem. The main thrust of this budget is to deal with this problem; to buttress the Canadian economy—to provide incentives for Canadian industry to grow and compete and provide jobs.

Then what did he do? He introduced a capital cost allowance provision for manufacturers. He pointed out that one out of every five people employed is employed by the manufacturing industry. That is still the case today. He gave the speedy write-off provisions. Mr. Turner did this for two reasons. First, to improve cash flow, and second because equipment was becoming obsolescent. He wanted equipment replaced so that Canada could move into using new technology which he foresaw at that time. But all of that has been gutted by the provisions in this budget.

Mr. Evans: That is nonsense.

Mr. Speyer: It is not nonsense. I tell the hon. member to read what the business community is saying. I ask him to check with the manufacturers' association.

Mr. Evans: It is still faster depreciation than in the United States.

Mr. Speyer: The next matter with which I want to deal has to do with the insurance industry. I had the opportunity of speaking to the president of Dominion Life in Kitchener.

Mr. Scott: Tell the hon. member for Kitchener (Mr. Lang).

Mr. Speyer: I have also spoken to the chief accountant for Mutual Life who is an actuary. There are 60,000 people who are employed in the insurance industry. Thousands of them are employed in the Kitchener-Waterloo-Cambridge area. This is a very legitimate concern of these people, as expressed in the House of Commons today by the hon. member for Kitchener (Mr. Lang). That Liberal member said their jobs were in peril.

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In addition to that, what is of great concern is the drying up of long-term capital which insurance companies have always provided, whether the money was to be used for building a dam or a factory. This represented 30-year capital rather than short-term capital. I wonder if the Minister of Finance (Mr. MacEachen) even considered these matters when he introduced that measure in respect of policy holders, and I have in mind the reporting and three-year provisions. These measures will have a very, very deleterious effect, and I think the Minister of Finance should reconsider them as he has reconsidered other provisions.

A most important matter, it seems to me, is the limitation on the deduction of interest from investment. Nothing is more insidious. Imagine going to the bank for a loan that had anything to do with speculative shares, such as any type of junior mining stock. One is only able to deduct an amount up to the amount of income. I think this certainly breaches all precepts of tax law I have ever been aware of, and I believe it is totally unjustified. As Canadian independent business people have said, this will have an incredible effect on investment. All you have to do is to read the news release from Mr. Bulloch yesterday in respect of that matter.

An hon. Member: Did you read the news release today from CMA? It said it was a good budget.

Mr. Speyer: Yes, I have read the news release. The hon. member will have an opportunity to speak.

An hon. Member: Have you read the news release from the Chamber of Commerce of Montreal?

Mr. Speyer: Yes, I have.

An hon. Member: Have you read the news release of the Chamber of Commerce of Canada?

The Acting Speaker (Mr. Ethier): Order, please.

Mr. Speyer: Mr. Speaker, the total effect of this budget on jobs cannot be underestimated. I congratulate the hon. member for Hamilton Mountain (Mr. Deans) on the drafting