

Income Tax Act

substance. There are real jobs, real spin-offs. New industries are being created in a technology which is at the leading edge of the new wave industries.

I am glad my hon. friend mentioned those in this context because it simply indicates that when I say—

[*Translation*]

—it is a label on an empty box, there is nothing there.

[*English*]

—exactly that, but not so with biotechnology.

Mr. Cassidy: Mr. Speaker, I would like to both thank and congratulate the Hon. Member for his remarks. I presume he has a substantial number of people from the Montreal Chamber of Commerce who have been pressing him on this issue. I respect their concerns, but I commend the Hon. Member for his courage in indicating that the proposal sounds attractive and looks good but when you examine it carefully it is very costly in terms of lost tax dollars. It might cost as much as \$3 or \$4 million per job created and will not contribute in any material way to the development of Montreal as a financial services centre. I take it what he is saying is that other proposals such as R and D and the biotechnology centre, for which he was partly responsible, make an awful lot more sense. If we were able to do this in the area of biotechnology—

[*Translation*]

—it can also be done with the financial services industry to ensure a greater involvement of the Montreal banking establishments in international finance without at the same time having to pay an enormous price for the meagre benefit which may result from the proposed legislation.

Mr. Johnston: Mr. Speaker, it might be somewhat difficult to thoroughly examine the issue in a few sentences. It is clear, however, that every elected representative will seek to promote the interests of his or her region, just as I do promote the interests of the city of Montreal. That is why I managed to convince my Cabinet colleagues at the time to set up in Montreal a biotechnological centre.

What would a financial centre bring Montreal? It is very important, if we want to sell this project to Montreal businessmen, that they should know exactly what it is all about.

As someone who has a lot of expertise in that area, I fail to see any benefit being derived from such an institution. While I remain dedicated to the promotion of my city's interests, I feel that the main concern of Montrealers, whether they are businessmen, workers, or ordinary citizens is to have good jobs requiring better training which will contribute to the economic development of the region.

When I compare the scientific centre with a financial centre which will provide about a dozen jobs for computer operators—that is what I am told; if I am wrong, so be it, but this is exactly what I have been told to this day—I cannot see any great advantage to it. I think the Government is promoting

something without a thorough knowledge of what is involved. As we say in English, this may not be a pig in a poke, but this is certainly not the greatest windfall of the century either, Mr. Speaker.

The Acting Speaker (Mr. Paproski): The time for questions and comments is over. Debate. The Hon. Member for York East (Mr. Redway).

[*English*]

Mr. Alan Redway (York East): Mr. Speaker, thank you very much for the opportunity to say a few brief words, I hope, in connection with Bill C-64, and to express my own personal grave concerns about the provisions of the Bill relating to international banking centres. Those provisions are found in Clause 10, particularly subclause (3), which designates only two cities, the metropolitan area of Montreal in the Province of Quebec, and the metropolitan area of Vancouver in the Province of British Columbia, as those in which international banking centres can be carried on.

Coming as I do from a riding in Metropolitan Toronto, I have had great concern over this particular provision. I feel that concern is best expressed in a letter I received from the Chairman of the municipality of Metropolitan Toronto, Dennis Flynn. I would just like to quote a very small portion of that letter. He says:

This proposed legislation is not in the best interests of Canada, and our concerns are based on the following reasons:

The financial services industry is undergoing rapid and dramatic changes. Canada cannot afford legislation that restricts its number one financial centre from competing on an equal basis for international business.

Clearly, Metropolitan Toronto is recognized throughout the world as a major financial and business centre. If Canada ignores this reality by arbitrarily excluding Toronto from IBC designation, it will change the perception of Toronto in international markets.

In its report to the Commons, April 30, the Committee on Finance and Economic Affairs cited three potential sources of loss in tax revenue for Canada if the current IBC proposal is pursued, and indicated a "minimal" positive impact on employment.

The IBC proposal is already creating interprovincial friction with the Province of Ontario threatening to "neutralize" federal action. It is not in Canada's interest to introduce a policy that will generate a tax war between provinces—particularly at the outset of discussions on sweeping tax reform proposals.

Those comments incorporate the gist of my concerns with this particular legislation. It seems to me the reports referred to by Chairman Flynn underline that fact.

The only real argument I have heard for this legislation, and for excluding Metropolitan Toronto and including only Metropolitan Montreal and Metropolitan Vancouver, is based on the fact that, hopefully, the legislation will create jobs and stimulate economic activity in those areas. That seems to me to be refuted very effectively by the report of the Standing Committee on Finance and Economic Affairs. I refer to the sixth report of that committee to the House which refers to the