Finally, my colleague, the minister responsible for Central Mortgage and Housing Corporation will accelerate $113 million in loans for public, home owner and student housing, for sewage treatment and for land assembly projects. These loans will be made before the end of this year instead of in 1972. My colleagues with responsibility for individual parts of this comprehensive program will be informing the House of further details shortly.

It is in the corporate sector of the economy that the adverse effects of the American import surtax and the threat of other U.S. measures, coming on top of the appreciation of the Canadian dollar, are having their most serious impact. If the corporate sector of the economy is weak and uncertain we cannot have a sustained growth in job opportunities. I am therefore proposing a substantial cut in corporation taxes.

Some hon. Members: Hear, hear!

An hon. Member: We urged that three years ago.

An hon. Member: That is going to help the poor!

Mr. Benson: The cut has been designed in such a way as to give to Canadian firms maximum flexibility in responding to the special difficulties they confront and the opportunities they can seize in an expanding economy.

An hon. Member: What expanding economy?

Mr. Benson: I propose that effective July 1, 1971, until the end of 1972 the tax payable by Canadian corporations be reduced by 7 per cent. The whole cost of this reduction will be borne by the federal government. This change, combined with the elimination of the 3 per cent surtax, brings the effective reduction of corporation taxes from last July 1 to 10 per cent.

• (8:20 p.m.)

Some hon. Members: Hear, hear!

Mr. Benson: In my judgment, help to the private sector to enable it to create more jobs is a most effective way, in present circumstances, of helping all Canadians. I have said, Mr. Speaker, that the rates of consumer spending are favourable. Nevertheless, it is the government's view that we must do all we reasonably can to give confidence to the economy and induce increased demand for goods and services. I remind the House that spending by individuals makes up two-thirds of national income and is therefore the base on which the whole economy rests. To this end I propose that effective July 1, 1971, the federal tax payable by persons be reduced by 3 per cent during the period ending December 31, 1972.

Some hon. Members: Hear, hear!

Mr. Benson: This proposal means that many taxpayers will receive refunds in the winter months, many taxpayers will be paying less tax immediately, and that all taxpayers will be paying less tax in 1972. I want to emphasize that this change is in addition to other important changes in personal income tax for 1971 announced in my budget of June 18. From July 1 we have eliminated the 3 per cent surtax for all Canadians. By eliminating tax on taxable income up to $500 we have taken 750,000 Canadians off the tax rolls since July 1, and effective last January 1 payments under the guaranteed income supplement have been exempt. With the help of this House there will be further alleviation for taxpayers in the lower income bracket if we get Bill C-259 through the House.

[Mr. Benson.]

Some hon. Members: Hear, hear!

Mr. Benson: Mr. Speaker, neither of the tax measures I have proposed today will reduce provincial revenues from corporate or from personal tax sources.

The expenditure programs I have described are designed and will be administered in such a way as to have the earliest possible impact. The corporate tax cut is expected to result in a reduction of federal revenues of $160 million in fiscal year 1971-72, and a reduction of $175 million in fiscal year 1972-73. The cut in personal taxes is expected to reduce federal revenues by $125 million in fiscal year 1971-72 and by $225 million in fiscal year 1972-73.

These changes, combined with other changes that have taken place since my June budget, imply a budgetary deficit in the fiscal year 1971-72 of $1,000 million deriving from revenues of $13,580 million and expenditures of $14,580 million. I now estimate that non-budgetary requirements will be $1,600 million. Total cash requirements for the current fiscal year, apart from funds required to finance or obtained from exchange operations, will thus amount to $2,600 million.

Before concluding my remarks I would like to sum up the total dimension of the program I have proposed today. The total cost of the expenditures and tax reduction measures will be $1,070 million. The impact on Canada's gross national product will be substantial. More important, these programs, with their multiplier effects, will produce a large number of new jobs for Canadians. The economy is strong and growing. The measures I have proposed today are designed to keep it that way.

Some hon. Members: Hear, hear!

Mr. Benson: With the permission of the House, Mr. Speaker, I would like to table notice of a ways and means motion covering the tax changes.

Mr. Speaker: Order. Has the minister leave to table this document? Is this agreed?

Some hon. Members: Agreed.

Hon. Robert L. Stanfield (Leader of the Opposition): Mr. Speaker, when I heard the applause a minute ago I wondered what it reminded me of. It reminded me of the applause the same people gave the Minister of Finance (Mr. Benson) when he presented his June budget. They are now applauding—

Some hon. Members: Hear, hear!

Mr. Stanfield: —with equal fervour when the minister rises to try to make up for the inadequacies of the June budget. I shall have some comments to make in a few minutes about the specific measures that the minister has proposed. It may be considered a little unkind for me to begin by recalling the past on a night when the minister is making such a vigorous effort. But regardless of the