

far from satisfactory, has proved that we can operate profitably at well below capacity.

Surely the company can operate below capacity and still make profits because it is mining high grade ore and processing the highest quality of ores. Surely that is the rationale presently behind the company's operation.

My other point, Mr. Chairman, is that the province of Ontario tried this sort of thing. It hoped that employers and companies would upgrade their machinery and increase employment. It introduced such legislation because the federal government was proposing the fast write-off legislation. All that has happened, if one takes as an example International Nickel, is that companies like that have used fast write-offs in order to improve their machinery. They have further automated their operation, resulting in employment cutbacks. Actually, the machinery used for the new nickel refinery at Copper Cliff was not even bought in Canada; it was purchased in the United States, where the jobs are. I suppose the provincial government, in making grants available to industry, hoped that the number of jobs would increase. Instead, companies introduced more technological innovations and bought more machinery and the new jobs did not materialize.

Speaking about the \$56 million that the provincial government of Ontario had made available in this regard, John White, the minister then responsible, said that the expenditure of that \$56 million by Ontario created not one identifiable job and may have subsequently eliminated certain programs. What happens is obvious, Mr. Chairman. The parent of the subsidiary purchases machinery in the United States, or in Sweden or in the country in which the parent company is located. It does so on behalf of its subsidiary.

What ought to be the thrust of any kind of tax system? It seems to me that a tax system ought to try to equalize the burden of those who are paying taxes in this country. For the past 12 years I have listened to many comments from the provincial government as well as from the federal government. When I speak of the provincial government I am speaking of the government of Ontario which is run by the Tories. The federal government at present is run by the Liberals. We know what they have said and how they have claimed that the tax structure has been adjusted. They claim that they have equalized the tax burden.

Let me refer to the Swadron report. It was put together by a fellow named Byron Swadron who was the head of a committee which sat from 1951 to 1969. During the 18 years or so during which the committee sat, and during which period we were told there would be tax changes and that the tax burden would be equalized, some interesting facts emerged. For instance, it is interesting to note that in 1951 the bottom 20 per cent of our population earned 6.1 of the income in Canada. Eighteen years later—after 18 years of so-called adjustment by provincial and federal governments—we find that the bottom 20 per cent earned 6.9 per cent of the total income in Canada, increasing their portion by .8 per cent. The next 20 per cent of the population earned, in 1951, 12.9 per cent of the income. Eighteen years later, in 1969, that part of the working population earned 13.3 per cent of the income.

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The converse holds true for the top 20 per cent, which earned 40 per cent of the total income in Canada in 1951. In 1969 their share had been reduced to 38 per cent. We can see the degree of adjustment that has taken place. It is apparent that the adjustment has benefited most the top 20 per cent of the working people of Canada and we have done nothing to redistribute wealth for the benefit of our working poor. It is also interesting to note that the bottom 40 per cent of the work force in this country worked between 40 and 48 hours per week. The report also reveals that the wealthy failed to disclose 50 per cent of their income. Those are interesting facts.

The federal government has spoken about reforming the tax system. It therefore seems to me that redistribution of incomes should be paramount. This bill, as constituted at present, does nothing to redistribute wealthy. It will only serve to further swell the financial veins of corporations in Canada. I suggest that if we are concerned about the tax system in Canada we ought to be cognizant of the fact that wealth has to be redistributed, and the tax system is the best way of doing it. It seems to me, and I am certainly no economist, that if you put more money into the hands of the working poor of this country, you would stimulate the economy. I am sure the corporations would garner their profits from resulting increased sales to the people of this country. I suggest that we should bring in an amendment to rename the bill the "corporate welfare benefit program", because indeed it is a welfare program and it is corporate in nature.

I urge members of the committee to vote against the bill. I know that several Conservative members who call themselves progressive are concerned that this bill will do nothing for the small businessman. I suggest that Conservative members join us in defeating this bill. They have stated on many occasions that they would like an election; they are ready to go to the polls. I and my party are also prepared to go to the polls on this issue. This is an issue we can explain to the people of Canada. It is one they will understand. They certainly know that after deductions they have barely enough left to buy a box of Kleenex. I ask hon. members to vote against this bill.

● (1630)

**Mr. Broadbent:** Mr. Chairman, I had not planned to contribute to the debate this afternoon. However, after considering some of the arguments made in support of this economically and socially irresponsible measure of the government, I thought it would be useful to say a few words.

The case for a corporate tax reduction rests exclusively on an argument that says by making such a reduction we can guarantee an increase in employment. This is quite apart from the question of equity or sharing the tax burden between individuals and the corporate sector of Canada. That is another argument which would not at all justify a reduction in taxes for the corporate sector.

The real point has to be made. It is said that by cutting back 9 per cent of the corporate tax, somehow we are going to create more employment for the people of Canada. There is not one authority or one economist, in Canada or outside who would be able to present to his professional colleagues in economics an argument that could draw a