

*Income Tax Act*

not only products such as I have already mentioned but also agricultural products. Certainly, we are selling a great deal of wheat on international markets. But Mr. Speaker, having talked to agricultural producers, I understand that the Wheat Board is selling our wheat for less than its cost of production. Clearly, reducing corporate taxes will not help that industry and will not produce jobs in other resource industries.

In some industries we have been fortunate. I suggest, however, that the \$125 million the treasury saved in the past six months would have been better spent if used to find markets for Canadian goods. People I have talked to say they are interested in seeing government money assist in the development of new industry. They want to see the government participate in and operate certain industries. People are fed up with seeing \$100 million spent in this field and \$100 million in that on stopgap programs that bring no lasting result.

• (2130)

We had a stopgap program in respect of winter works. I am sure if we had sat down and thoroughly discussed it, we could have come up with a much more productive program. We spent \$150 million on that program with no lasting results. If we had spent \$150 million for the benefit of certain industries in some of the disadvantaged areas in Canada, we would have helped a large number of people and this would have had a cumulative effect. It would have provided jobs for many more who would be directly involved in the particular industry being subsidized.

To those members who say this provision is an inducement to industry, I say that unless they can show that it has produced more jobs in the direction in which it was aimed they will find that the loss to the Canadian taxpayer in respect of the companies which in my opinion did not need any tax concession will far outweigh the few industries which will obtain legitimate benefit from this measure and in the end produce employment for people in their industries and the service industries surrounding them.

In respect of the 3 per cent reduction that is allowed the general public, it would seem there are many better ways to provide a fair and reasonable tax concession. People who write to me are interested in the personal exemption being raised to a reasonable level. The amount of \$2,500 for a single person and \$4,500 for a married person has been suggested. Some of my colleagues have suggested that the amounts be \$2,000 and \$4,000. We presented amendments to this effect when the income tax changes were before us. In this case, however, the concession in respect of the personal exemption is negligible at the low end of the scale. Any hon. member who has looked at his tax form for last year will know that 3 per cent at the level of his stipend will be quite advantageous to him. When one is paying income tax of \$5,000, 3 per cent is quite an important factor. The average worker, however, who pays less than \$300 will find that 3 per cent of that amount is not much help to him and is not much of a concession by the government. We give to those who have and wave at those who do not.

It seems to me that the government is giving a concession which will really not produce the result the minister suggests. The government has had six months in which to operate this piece of legislation: I believe it was implemented under the budget which was introduced last October. It has been in effect since then and, obviously, if you give a concession of 7 per cent on the tax a corporation has to pay it represents a large amount of money for a large number of companies. I suggest that if this is so, the results of that program should be evident and should be the subject of a calculation as to the number of jobs it has produced and its ability to keep companies in operation.

I think of some companies which recently have gone out of business. One is the company across the river. The 7 per cent did not keep it in business. Then there is the pulp mill in Timiskaming. It did not keep it in business. It did not make it any easier for the Spruce Falls company to keep its employees all year; they are suffering lay-offs at the present time. I believe every member here can think of a corporation in his area, particularly the large United States corporations, from which we did not derive any benefit because of the tax reduction which we provided but who have been adversely affected by outside influences which the minister ought to be looking into rather than making tax concessions. I believe the government could have distributed this thousand million dollars in a way that jobs were created and companies encouraged to go into production in a variety of fields. Rather than that, we are giving hand-outs to those who do not need them.

**Mr. John Burton (Regina East):** Mr. Speaker, I shall speak for only two minutes simply to indicate that this bill is a piece of ludicrous nonsense and that the Liberal government is about six months behind the times. This bill implements and embodies the budget measures announced last October by the late minister of finance who has now gone to a better resting place. When the Liberal government was in a panic in respect of the unemployment situation, it knew it was in a desperate position and had to do something. The government announced that it intended to introduce these tax cuts, a 7 per cent tax cut for corporations and a 3 per cent tax cut for individuals. They even embody some inequities.

I want to draw to the attention of the House that when that measure was announced last October we had something of a levelling-off and in some cases even a drop in corporation profits. This no longer is the case. Today there is a sharp increase in corporation profits. The pattern today is for a sharp rise in corporation profits in 1972. These corporations will have the benefit of these tax cuts in a year when profits are rising sharply. I predict this will have an adverse effect on the economy before the year is out. The corporations will even have the benefit of capital gains during the year. There will be tax benefits accruing to these corporations. I believe, as this bill demonstrates, that the government is behind the times and the Canadian people know it.

**The Acting Speaker (Mr. Laniel):** Order, please. Is the House ready for the question.

**Some hon. Members:** Question.