

inflation at the present time. Once he takes that step, if he says the method imposed in the Income Tax amendment is a gimmick and not a real method, what does he suggest as a replacement? Senator McCutcheon suggested more production. That is easier to say than do, because in the present state of the labour market inflation may just become more so when you have additional businesses scrambling for additional materials or workers which may be in short supply.

Hon. Mr. McCutcheon: It is a better solution though.

Hon. Mr. Hayden: I do not like a levy of this kind. We had something of the same kind in the war years, and money was repaid, but they are special circumstances. I am more concerned about what the Government does with the money than about how they gather it in. It may not produce the full results in the first six months or the first year, but at some stage, unless the cash flow of this country increases tremendously and the supply of money increases, it is going to have an effect in levelling out certain operations; but, of course, if the Government takes the money and spends it, the benefit of that is gone. To describe the 5 per cent refundable as a gimmick does not add anything either to the stature of the senator or the argument, because we are reasonable people, and if you make that kind of statement you should rationalize it and say, given inflation, how many solutions are practical and how many are not.

Hon. Mr. Thorvaldson: I think Senator McCutcheon did rationalize it, and I did not want to repeat his argument.

Hon. Mr. Hayden: If my friend had been listening, he would know I had acknowledged Senator McCutcheon said that instead of the 5 per cent refundable tax you should increase production. My friend has called it a gimmick without going into the rationalization—

Hon. Mr. McCutcheon: I think the record will show that I said there was no substantial company in Canada that had a capital program ahead of them—and I named two or three of them—that would be in any way inhibited by this 5 per cent refundable levy. In other words, what I was trying to say—and if I did not make it clear, I hope I do

now—was that it is completely ineffective to combat whatever inflation in that field the Minister of Finance says there is.

Hon. Mr. Hayden: I understood that was what my friend was saying. It is a daring statement to make when there is only a short period of 18 months in which to find out whether it is correct or not.

Hon. Mr. McCutcheon: That is right.

Hon. Mr. Hayden: If Providence is kind to both of us, I may be able to show you were not much of an oracle.

Hon. Mr. McCutcheon: Or vice versa.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

On motion of Hon. Mr. Hayden, bill referred to the Standing Committee on Banking and Commerce.

NATIONAL ARTS CENTRE BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-194, to establish a corporation for the administration of the National Arts Centre.

Bill read first time.

Hon. Mr. Connolly (Ottawa West) moved, with leave of the Senate, that the bill be placed on the Order of the Day for second reading at the next sitting.

Motion agreed to.

DOCUMENTS TABLED

Hon. John J. Connolly tabled:

Report on Technical and Vocational Training for the fiscal year ended March 31, 1966, pursuant to section 13 of the Technical and Vocational Training Assistance Act, chapter 6, Statutes of Canada, 1960-61. (English and French texts).

Statutory Orders and Regulations published in the *Canada Gazette*, Part II, of Wednesday, July 13, 1966, pursuant to section 7 of the Regulations Act, chapter 235, R.S.C., 1952. (English and French texts).