

Mining and petroleum corporations have their tax rates increased to 50 per cent under the budget proposals, and then effectively cut to 35 per cent if the provinces do not take up the additional federal abatements. Yet according to the latest available data of a year ago, those industries paid corporation income tax on under 50 per cent of their book profits, that is, profits determined in accordance with sound accounting principles. Although these figures pre-date the 1972 tax measures, there has been no evidence to suggest any major change has taken place since that time.

Until this year the tax policy of the government has led to increased corporate profits. For example, corporate profits increased by over 21 per cent in 1972, by 35.7 per cent in 1973, and by 33 per cent in the first three-quarters of 1974 over the same period in 1973. There has been a reduction in corporate profits this year, not because of anything the government has done and not because the government overtaxed or undertaxed, but because, as I indicated earlier, there was a dramatic slowdown in the world economy, particularly in those sectors of the world economy in which Canada was involved. There was a sharp reduction in the demand for Canadian lumber, Canadian minerals such as copper, nickel, zinc and iron ore—I could go down the list. As a result of that, corporate profits are down. But if the economy turns up—and the government has been banking for the last year on an upturn in the economy of the United States—the Canadian worker will be faced with a 10 per cent ceiling on increases in wages which he can receive. He will be faced with an increased cost of living which is continuing at the same rate as last year, that is, at about 10 per cent. Canadian corporations will be right back into business, making bigger profits than ever.

Let me return to the clause of the bill to which I, members of our party and, I am happy to see, members of the official opposition take exception because it is a rejection of what has been, at least in words, government policy since the end of World War II, or 30 years. I refer to acceptance of the idea that we in this country, because of our tremendous natural wealth, our well-educated work force and the times and conditions which exist in this country, can aim for and come close to full employment. What is full employment? The Economic Council used to say that it is 3 per cent. Then it said it was 4 per cent. But we can see, from the attitude of the government in this bill and from this particular clause, that if the government talks about full employment—which it does very seldom—it is talking about something around 6 per cent. We completely regret that kind of idea. We say that this country is big enough, wealthy enough and educated enough to have an unemployment rate of not more than 4 per cent. We say that when the government introduces the kind of proposal which is embodied in this clause, it has rejected its commitment to full employment.

Before I conclude, let me put on the record something I did in the case of an earlier clause of this bill, the views of the Canadian Council on Social Development. The Canadian Council on Social Development is a national agency which includes in its membership virtually all the private and public agencies interested in welfare problems and manpower problems in this country. This agency is funded by federal and provincial governments, so I assume by that funding the federal government considers it to be a responsible and knowledgeable organization. Let me quote a few

Unemployment Insurance Act

paragraphs from its submission on this bill with particular reference to this clause. It says in part:

In addition to making an already complex piece of legislation even more complicated, this formula has all the appearances to us of a shell game. There are a number of elements of shiftiness in this proposal.

First, the government is attempting to show its good faith to the general public in reducing expenditures when, indeed, all it is doing is shifting its committed expenditures unilaterally to the other so-called two partners, the employees and the employers, in financing unemployment insurance.

Later the submission reads:

—we are concerned particularly about the increase in cost passed on to the employees. Although we recognize that the employer contributions will also rise, we doubt if many are under great delusions as to who will ultimately pay for the employers' contributions. We would agree with David Dodge when he stated in the edition of the Review of Income and Wealth

... The low income earner is particularly hard hit and will feel the pinch both in absolute and relative terms more because the maximum insurable income is limited just short of \$10,000.

Mr. Dodge also said the following:

It has occurred to me that it is a moot point whether the 14 to 21 per cent increase in premiums for employees can even fall within the federal government's proposed guidelines on wages and prices because that is an increase in his costs.

That is an increase in his costs, and the increase in the cost of heating oil and gas is in the neighbourhood of 30 per cent, and more coming. We were told by the CBC last night that there will be an increase, announced tonight, of another \$2 per barrel in the price of oil and an increase in the price of food which has been estimated for next year to be in the neighbourhood of 15 per cent to 18 per cent. The Minister of Agriculture (Mr. Whelan) has told us again and again that, compared with other countries, we are getting cheap food. I have always held the view that the interests of the farmer and the urban dweller are not diametrically opposed and that it is dishonest of people to argue that point. With the exception of grain, the farmer sells virtually all his produce on the Canadian market and he needs the urban dweller who can afford to pay a decent price for it.

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I have no complaint with the Canadian farmer. I know that for years he has been receiving far less than his cost of production, but I have been told every day this week by constituents that they cannot afford to pay the increased cost of food. On the CBC national news last night we were told that the support price of wheat for the domestic market will be cut by 25 cents per bushel, and that will mean another cent on the price of a loaf of bread. At the same time it is increasing the unemployment insurance premiums, this government is permitting the cost of food to go up, is encouraging the cost of heating and everything else to go up and is letting people in the upper income brackets off with respect to a tax. I say this is a disgrace. It would have been better if the government had not brought forward its so-called surtax on the wealthy.

I think Abraham Lincoln said that you can fool some of the people some of the time, but you can't all of the people all the time. This government will find that the people of this country are not prepared to accept as truth the nonsense put out by the Prime Minister, the Minister of Finance, and the Minister of Manpower and Immigration