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immediate impact. Indeed, no one suggests that he would. I will return for a moment to that point as well.

Regarding small business, evidently the Hon. Member opposite does not regard small business as the principal generator of jobs in our economy. It is not only the principal generator of jobs in our economy, it is also the sector of our economy with the highest degree of Canadian control and it often generates in a most innovative way the high technology we need here in Canada. Yet the tax incentives, for example, a lower tax rate for small business, is evidently anathema to the Hon. Member. He rejects the idea there should be a tax incentive for investment for small business here in Canada.

On any of those three grounds, Mr. Speaker, whether research and development, capital investment or tax incentives for small business, I think the Hon. Member fails utterly to make his case against what he in a pejorative way calls tax hand-outs. There is underneath his statement, however, a rather more fundamental issue which he has never been able to quite reconcile in his own mind: the role of profits in our society. After all, corporate profits, along with personal savings, are a crucial source of funding for investment in our economy. The accumulation of capital through profits plays an essential role in the further expansion and growth of our economy. Yet the Hon. Member speaks of profits as if they were something that top-hatted capitalists put in their pockets and somehow the benefits are never seen throughout the economy but merely relate to the individual entrepreneur or businessman whom the Member seems to suspect of all sorts of nefarious dealings.

The point is that our economy cannot function without the accumulation of capital, and the principal way of accumulating capital is through corporate profits. On the one hand, the Hon. Member apparently wants lower personal income tax rates, while at the same time, with the removal of what he regards as bad tax incentives, he would raise the corporate tax rate. He cannot have it both ways.

• (1150)

If we want more investment in our economy, if we want more growth in our economy, if we want to create jobs in our economy, which I am sure all Members in the House believe, then it must follow that corporations must have the opportunity to reinvest their profits and, indeed, in some instances, be offered incentives to reinvest those profits.

If I might digress for one moment, once again the Hon. Member opposite, as is his wont, attacked bank profits. That is one of his favourite chestnuts and I must say that I get a little weary of it. The Member should understand that, according to the Bank Act and under the regulations of the Inspector General of Banks, the system of reporting bank profits is substantially different from that of reporting any other form of business profits in Canada. The Member should know that the accounting practices followed by banks in Canada are different from those of other businesses, the most critical difference being the accounting treatment which applies to a bank's loan losses. Those losses in the case of banks are spread over a

much longer period and are required to be spread over a much longer period than in any other form of business. Therefore, of course, it appears in certain circumstances that bank profits are at a substantially higher rate than in other forms of business, which is simply a matter of different accounting practices and not a matter of banks somehow making exorbitant profits on the backs of the poor worker.

Mr. Orlikow: Tell us why they do not pay taxes.

Mr. Riis: No taxes. Absolutely none. They made \$300 million in profits.

Mr. MacLaren: Our friends opposite ask about the companies that do not pay taxes.

Mr. Orlikow: The banks.

Mr. MacLaren: I dealt with that the other day. The fact is that there are large numbers of companies that make a loss in one year or another, as individuals may suffer a loss of income in one year or another. In our tax system, in the name of equity, there is an evening out of losses and profits over certain specified periods.

As I suggested earlier, there are incentives for companies and for investment in the form of tax carried forward and tax carried back. Thus, there are also incentives in the form of various tax credits. The conjunction of a tax carried loss and a tax credit can mean that in any given year a bank or a business may not pay a profit.

Is the Member opposite suggesting that in any given year a corporation or an individual should pay exactly what he or she earned or lost in that year and the tax rate should be applied without any reference to an earlier year or a future year? If he suggests that, the rate of bankruptcy among corporations and hardship for individuals would increase substantially. I would be surprised if that is what he has in mind.

I think the essential problem with the Hon. Member's motion and indeed with his speech is one that faces his Party as a whole. I do not know whether Professor Laxer is still a member of the New Democratic Party but he certainly has been for a number of years. He summed up very well the difficulty that faces the Member opposite when he attempts to deal with the question of tax incentives and corporate profits.

Professor Laxer, in his interesting report on the present state of the NDP, said that the NDP wants to leave the bulk of productive enterprise in the private sector. Favouring tax incentives to business, even with very precise performance guarantees included, reminds New Democrats too much of give-aways to business. Professor Laxer continued to say that in practice the NDP does not believe that there are problems on the productive side of the economy but believes that the chief problem is the absence of sufficient consumer demand. He believes that the NDP rejects the idea that there should be tax incentives, yet does not know what else to put in its place. It has no policies. It has no suggestions to make. Professor Laxer says that the chief problem is to work out ways to direct the savings of Canadians into the sectors of the economy that