

Income Tax Act

● (1542)

Mr. Stuart Leggatt (New Westminster): Mr. Speaker, at the outset I should like to agree with the hon. member for York-Simcoe (Mr. Stevens) when he suggests that this bill should have speedy passage. I disagree with his expression of surprise at the parliamentary secretary introducing this bill. This bill will have such a small impact on Canadian unemployment rates that I am surprised a backbencher did not introduce it. However, I might say the parliamentary secretary does an excellent job for his minister.

This bill is being introduced after the worst season is nearly over. It should have been introduced last spring. This band-aid solution is all that is being offered to the million unemployed. It is an incredible situation. The real problem is not the question of tax credits to small business, a principle which we can support on a temporary basis. The real problem is that the government has locked its financial position in because of the massive amounts of subsidies it has given to big business. Because its financial position is locked up, the government does not have the kind of flexibility necessary to move these concessions around to where they belong, which should be a massive tax cut at the consumer level. That would provide purchasing power, which would supply the small businessman with a need to hire additional people.

This bill asks small business to pull our irons out of the fire and to hire someone it does not need in order to remove him from the streets. In a minor way that will reduce our unemployment statistics, and to a limited extent it will reduce some of the money the government is putting into unemployment insurance by the removal of that person from the unemployment rolls. Unless the direction in which the economy is going is changed, there is no need for the small businessman to help out by hiring someone who is unnecessary to his business. There are not enough customers to buy the small businessman's product. The responsibility lies right at the government's door in that respect.

We will not attempt to impede passage of this band-aid legislation, but we have serious questions concerning it. As I read the legislation, it requires that a person being employed under this bill come from Manpower and should have been idle for eight weeks or more. The bill does not deal with the thousands of people who do not go to Manpower, who have given up on the idea that they will receive any help from Manpower, and who have given up on the idea that they will ever get a job. No employment will be created in that particular area.

This legislation is asking small business to do a favour for government. It is not a favour to small business. The hiring of an extra employee, who may or may not be necessary, does not help small business until consumer demand for his product has changed. Instead of the tax credit system, the same thing could be accomplished if the fellow who is coming to pick up his unemployment cheque is told to take a seat inside and is put on the employment list. That procedure would reduce the number of unemployed, but it would not be productive. It would have no impact in terms of the economy. It would take someone off

one section of the rolls and put him on another. To some extent this bill does that, where the person hired is unnecessary to the operation. Small business will not take advantage of this bill unless the economy is changed and provides it with a need to hire more people. A small businessman might prefer to operate his business with five people rather than ten, because it is easier.

Another reservation we have, and perhaps we will propose an amendment in committee on this, is that under provincial minimum wage law where a part time employee is involved he is not covered under this legislation. I am surprised the government did not include a clause in the bill requiring the minimum wage to be paid by the employer in any event. Surely that must be accepted as a decent and reasonable standard. At least the federal minimum wage figure should be applied to the legislation so that employers do not take advantage of it by paying less than the minimum wage. As I read the legislation, they would be capable of doing that. I hope the minister gives serious consideration to seeing that provision incorporated in the bill.

In my view the red tape which is involved is unnecessary. An employment plan filed by the small businessman is required. Some bureaucrat will have to approve that employment plan before the businessman is able to take advantage of the tax credit system within the plan. I would rather trust the judgment of the small businessman than of some bureaucrat who says, "I do not like your plan. Therefore you cannot come under the program". The program does not need the red tape, nor does it need the plan system.

This piece of legislation does not zero in on the major unemployment groups, such as the young. The hon. member for York-Simcoe has pointed this out. It does not zero in on those who are not on unemployment insurance but are on welfare because they have been out of work so long. Those people desperately need to get back into the work system, and this bill does not help them.

I hope we do not become euphoric about this legislation and feel we have done something marvellous for small business. In fact we are asking small businesses to help by hiring people they may not require, in order to receive a tax advantage. A lot more can be done for small business than that. Surely parliament can sit down and assess the needs of small business.

By moving into this area so delicately, perhaps the government has started to understand that one third of all the jobs in Canada are jobs in the small business area. Those businesses are labour intensive and have the capacity to expand. The large business sector only uses 80 per cent of its capital capacity.

Our entire budgetary processes continue to reward the large business sector with accelerated depreciation and massive grants. For example, recently there was an announcement in Vancouver by the firm MacMillan-Bloedel indicating that it was shutting down its Vancouver plywood plant which would result in 700 people being put out of work. Over the past eight years this large firm has received \$10,963,000 in concessions and grants. That is what the government has done for big