

*Income Tax Act*

Hon. Member for Bow River (Mr. Taylor) will well understand, if one feeds the horse a lot of oats, eventually the sparrow will get some. However, I am sure the Hon. Member for Bow River knows that he is not to step in it. I am afraid that the Government of this country has stepped in it and has it all over its shoes. The unfortunate part is that that is something with which we must all live.

The trickle-down notion has not worked. It has not created jobs. Let us look at some of the figures to back this up. Again, I am reading from the January 1985 issue of *Canadian Business*, a document which is not a flaming socialist document.

Government figures show that companies that reap the most tax benefits give back the least in job creation. While the small-business sector is now creating 100 per cent of new jobs in Canada, the big-business sector (firms with taxable incomes of more than \$5 million) has taken advantage of 77 per cent of the \$26 billion in corporate tax breaks. Furthermore, while total corporate writeoffs grew an average of 84 per cent between 1975 and 1980, they escalated by 360 per cent for the top 1 per cent of corporations.

Again, we find that the guys who are getting all the breaks are not giving any breaks to the working people of the country. They are not creating the jobs. What gives? It is not the small-business sector that is getting the tax breaks. In fact, its real tax rate in 1977 was 22.6 per cent, while the tax rate of the big-business sector was only 18.2 per cent. In 1981, things had not changed that much. The effective tax rate of the small-business sector that year was 22.3 per cent. It is the small guys who are creating the jobs but it is the big guys who are getting all the tax breaks.

If government Members were really serious about creating some economic justice in this country and if they were really serious about reducing the deficit, they would attack the big guys. Why do they not go after the revenue that exists out there? These are the folks who made billions of dollars off the wealth of the country. Make them pay for it. Do those across the way dare to do so? I doubt it. I would suggest to you, Mr. Speaker, that whoever pays the piper calls the tune. Who made all their political contributions and donations during the last election campaign? Government Members would not for the life of you, Mr. Speaker, bite the hand that fed them. After all, they are beholden to the oil companies, the banks and the people who get these tax deferrals and fast write-offs and who end up paying only some 14.3 per cent in an effective corporate tax rate.

**Mr. Reimer:** That's nonsense.

**Mr. de Jong:** The Hon. Member says that that is nonsense. What other rationale is there?

Let me return to the statement made by the bishops. From what I have read into the record, the bishops are essentially saying that the rhetoric of the right that sees that increasing profitability is to be the engine for economic recovery and growth is something that will not work and that has not worked. I believe that we can back the bishops up in that assertion with the statistics and facts that I have outlined to the House.

The big guys who get all the tax breaks do not in fact create the jobs. The bishops say that big business does not put the extra wealth it gets from tax breaks into creating jobs and that much of it is invested abroad. Again, there are figures to back this up. In the last few years, the amounts of money invested abroad have increased. From 1979 to 1983, an average of \$3,688,000,000 was invested outside the country, whereas between 1974 and 1978, an average of \$675 million was invested outside the country. That is an increase of some 646 per cent. We are seeing where the money goes.

As well, we can see that a great deal of this extra money that is received from tax write-offs and tax breaks goes into mergers. Again in the last few years, there has been a tremendous increase in mergers. An average of \$520 million per year was spent on mergers between 1979 and 1983. This can be compared to the earlier 1970s. From 1974 to 1978, an average of only \$343 million per year was spent on mergers. This extra wealth is not creating jobs. It is being invested outside Canada or it is being put into mergers.

Again, let me return to the statement made by the bishops. They said:

There is nothing "normal" or "natural" about present unemployment rates. Indeed, massive unemployment which deprives people of the dignity of human work and an adequate family income, constitutes a social evil. It is also a major economic problem since high unemployment rates are accompanied by lower productivity, lower consumption of products, reduced public revenues, and increasing social welfare costs. Thus, alternative strategies are required which place primary emphasis on the goals of combatting unemployment by stimulating production and permanent job creation in basic industries; developing a more balanced and equitable program for curbing inflation; and maintaining health care, social security, and special assistance programs.

**Mr. Deputy Speaker:** I regret to interrupt the Hon. Member but I sense that there is a point of order on the question of time.

[*Translation*]

**Mr. Claude Lanthier (Parliamentary Secretary to Minister of Finance):** Mr. Speaker, thank you for allowing me to speak briefly to this motion. I believe I have only two minutes left. I simply want to say that the level of the public debt is the aspect of the economic situation on which the motion is focused. In his motion, the Hon. Member for Halifax West (Mr. Crosby) quite properly describes it as a massive debt. The level of the debt is very high. It is a heavy burden on the Government, leaving it with precious little manoeuvring room for the soundest possible management of its financial operations. It does hamper all economic activities. Hopefully, the Hon. Member for Halifax West does not believe that his proposition differs considerably from the existing legislative provision. I hope to show, or I would have hoped to show—

[*English*]

**Mr. de Jong:** Mr. Speaker, is this a point of order?

**Mr. Deputy Speaker:** No, it is not a point of order. The point of order was the matter of time. The Hon. Member's time had expired. The Parliamentary Secretary is speaking on debate.