

Income Tax Act

be needed to offset the loss of income from tax reductions in the lower income brackets. However, any gain realized by a taxpayer in selling his home and any gain realized on an item of personal property valued under \$1,000 will be exempt. It does not seem too much to ask an individual or a corporation to include one half of capital gains in his income to be taxed at the respective rate, considering all the logical exemptions and concessions which have been made in this regard along with the provision for capital loss deduction. This tax is in effect in every other major western country, and the majority of Canadian people have already expressed their affirmative support on the issue.

Another area of major concern in this bill is the mining industry. We in Canada are well aware of the major contribution that is made by this industry to our national economy. Although the kinds of incentives which have existed in the past are to be changed in the new bill, there are still incentives to ensure that this industry will continue to make its full contribution to our economy. We only have to look back to 1945 and compare the value of the mining industry at that time, when the output was some \$500 million as compared with 1970 when it was \$5.8 billion, to realize the growth that has taken place. It is expected that this industry will continue to grow and will double in the next ten years. This industry accounts for one-third of Canada's merchandized exports and this takes on added significance because the Canadian economy as a whole is greatly dependent on export trade, as we have learned during these past several months when the United States government imposed a 10 per cent surcharge. Fortunately, this surcharge was not directed primarily at our mineral industry which accounts for 7 per cent of the gross national product.

The proposals which are made in this bill are to continue the automatic percentage depletion allowance until 1976 and then replace it by an earned depletion system. This is done with a view to encouraging companies to continue mining exploration and development. The present three-year tax exemption for new mines will be withdrawn under this bill after 1973, but will be replaced by a system of fast write-offs on assets related to new mines, for example, mining buildings, machinery, equipment and town site facilities. It is also proposed that a federal tax on mining profits be reduced to 25 per cent from the present 40 per cent in 1977 to allow for provincial mining taxes.

Small business will continue to receive special incentives with a low corporation tax of 25 per cent on their first \$50,000 of profit. This will be available to Canadian controlled corporations to assist them to grow and create more jobs in our economy. This is actually a \$15,000 increase in the allowance on a reduced tax rate from the present tax law of \$35,000. Most small businessmen that I have talked with believe that this provision is a most reasonable one.

So, I believe that the course before us this week is to approve this bill in its present form after these many months of continuing debate. The bill represents a balanced attempt to reform our tax system. It provides a capital gains tax at a reduced rate to close many loopholes in the existing tax law and provides a stimulus and incentives to our industries to grow fast enough to produce the 1.4 million jobs that we will require between now and 1975

for our young people entering the labour market. And most of all, it makes provision to give added exemptions to our old age pensioners whom we must provide for in the best possible way.

• (3:30 p.m.)

This bill has reached this stage following one of the most immense consultative processes that has ever been carried out in Canada, from the Royal Commission on Taxation, the Carter Commission, the white paper, further consultations with provincial governments, business, industry and ordinary citizens, to parliamentary committees, one of them travelling across the country. During the past summer our tax experts throughout Canada have had a full two months to study the legislation in detail, and there has been three months of parliamentary debate. The time has come for this Parliament to make a decision and for the representatives of the people of Canada to stand in their place for or against this bill. I intend to stand in my place for the bill.

Mr. Lincoln M. Alexander (Hamilton West): Mr. Speaker, I am pleased to have this opportunity to take part in the debate, particularly because of the motion that was submitted by my friend, the hon. member for Winnipeg North Centre (Mr. Knowles). However, what concerns me is that I have heard it said time and time again by members on the other side regarding our involvement in this debate that they do not appreciate the role of the opposition on this important matter. I have said continually that it seems to me that members on the other side believe they are the masters of this House and that we are supposed to do as they say. Lately, we have been called the useless backbenchers. It would be well for the members on the other side to be reminded of our role, particularly when it comes to a bill of this magnitude, a bill that supposedly sets the course of Canada's destiny and economic growth. I say "supposedly" because we find that the bill is full of imperfections, and it is our role to give constructive criticism.

Members on the other side have asked on several occasions why we do not submit something and why we do not give them the benefit of our ideas. We know as well as they do that every time we attempt to be constructive with our amendments we are treated with disdain and disregard. This happens not only in the House but in committee of the whole and happened as well in the committee which studied these provisions. I take a very dim view of that, and I resent it when members on the other side tell us continually that we are not submitting reasoned amendments. We are doing so. The government, in its wisdom, believes that we are incompetent and that all of the wisdom in the House is on the other side. Our role is also to make the government behave, and that is becoming extremely difficult these days when we see the arrogance and flippancy coming from the other side.

Some hon. Members: Hear, hear!

Mr. Alexander: What is very important, particularly with respect to this bill, is that we are the watchdogs of the people's interests, and I have said this on a number of occasions. This is our mandate, this is what we have to do. It is not a case of filibustering, it is an attempt to shed