

● (1510)

It is apparent that not only has the government failed to produce an industrial policy but that the actions it has taken are totally inconsistent with each other. For example, I questioned the Prime Minister concerning the loan which the government was instrumental in arranging for Algeria in the amount of \$100 million, with an interest rate in the range of 7 per cent. We should ask ourselves whether it is appropriate in a period such as Canada is now entering, when interest rates are rising, for the government in June of 1973 to be extending credit facilities to Algeria so that the money can be paid to Algerian businessmen through their Industrial Development Bank.

Government funds are involved in the sense that \$50 million of the amount to which I have referred comes from the Export Development Corporation, but \$35 million comes from the Canadian chartered banks which are subsidized by the Canadian government to participate in the loan. Here is a situation where the government is willing to subsidize Canadian banks if they join in a \$35 million line of credit to the Algerian Industrial Development Bank enabling Algerians to borrow in the 7 per cent range while the same banks are lending to businessmen in Canada in the 10 per cent range.

We in the Progressive Conservative Party believe that this haphazard approach is not proper. We believe there should be an industrial tax incentive program; that it is wrong to gratuitously extend tax advantages to industry without ensuring that the desired impact of such taxing concessions will be forthcoming. Surely, taxation is an instrument which can be used to encourage industry to increase production and employment, as opposed to simply making arrangements which may or may not bring the desired results.

This brings me to the bill before us in which provision is made for a review program. We are not happy with the review process suggested. We believe it could be tightened up, and that in committee it ought to be tightened up. The government itself has gone a long way to indicate its misgivings as to whether the tax proposals put forward by the Minister of Finance on May 8, 1972, will in fact produce the anticipated result.

Having said this, I believe it is wise for hon. members to allow the bill to go through—give it second reading, get it into committee and see whether it can be improved. The House has surely delayed too long debating various matters. I should like to see the government placed in the position where it can be demonstrated that it does not possess any effective answers to cope with the country's economic position.

Mr. Mather: Might I ask the hon. member a question? Would he not agree with the theory that whereas two or three years ago the government was seeking to combat inflation by creating unemployment, the reverse is the case today and the government is seeking to combat unemployment by creating inflation?

Mr. Gillies: Just say yes.

Mr. Stevens: Yes. How could I disagree with my hon. friend?

Income Tax Act

Mr. Lorne Nystrom (Yorkton-Melville): Mr. Speaker, when the Minister of Finance (Mr. Turner) spoke in the debate on Wednesday he said he was presenting the bill for two reasons: first, to protect the millions of jobs presently available in manufacturing and processing and, second, to promote the development of new jobs in those areas. This, according to the minister and according to the Prime Minister (Mr. Trudeau) was necessary for medium and long-term considerations, including growing protectionism in the United States, the impact of the European Economic Community on trading patterns, and the growing effect of competitive markets.

The party to which I belong has made very clear its position with respect to Bill C-192. We are against a bill which proposes further tax cuts and fast write-offs for corporations. We believe it represents outdated economic thinking. It is the old Santa Claus theory—large gifts are made to the big fellows in the hope that money will be spent in such a way as to benefit the entire society. I do not think this happens. The corporations will not necessarily invest this extra profit in ways which will create more jobs and strengthen the economy. This theory, which amounts to saying that what is good for Imperial is good for Canada, is outdated; it has not worked in the past and it will not work in the future. If this idea were followed to its logical conclusion, the tax rate would be brought down, first to 30 per cent from 40 per cent and eventually down to zero.

What we need is a fundamental change in industrial policy and strategy. If we look at the reality of the situation today, we find that corporations are experiencing the highest increase in profits for the last 12 years. In the first quarter of 1973 the increase in profits amounted to 53 per cent compared with the increase in the same period last year. At the same time we are experiencing the highest unemployment rate of any industrialized country in the world. It is a crime that a country which possesses such wealth and technological resources should be in this position. Regional disparities are as bad today as they were five years ago when the government came to power.

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We find that distribution of income in Canada has not narrowed or improved much during the last few years. According to a Statistics Canada report of 1971, the top 20 per cent of the people of Canada earned 50 per cent of the income in this country, whereas the bottom 20 per cent earned only about 2 per cent of the income. You can see there the lack of equitable distribution of wealth to the people of this country no matter what economic class they may be in.

The situation for women in this country is even worse. We all espouse equality of women, and so on, but the fact is that of the 20 per cent of the people at the top or upper income levels, only 8 per cent are women. The opposite is true for the 20 per cent at the bottom income levels of Canada: 64 per cent are women. So there we have real inequity in distribution of income in Canada. I suggest that the traditional ways of looking at our economy through greater incentives to corporations to produce will not help to solve this problem or to develop Canada economically, and I sincerely suggest that this particular tax cut will not help either. I further suggest that we