

Income Tax Act

Having said that, I would like to go back to the remarks we made on October 14 last year when we suggested the following to the Minister of Finance:

We suggest to Mr. Chrétien that he institute a temporary employment tax credit for new workers hired by business. It has worked in the provinces, it has worked in other countries, it can work throughout Canada. The credit would be available to any business which increases its work force through hiring younger workers. In effect, the credit would be a subsidy of up to \$1 an hour for the first 1,000 hours of employment, or about six months. For small businesses which may generate small taxable profits, it may be preferable to pay a direct subsidy at the same rate.

When we suggested that, we were suggesting a tax credit which would not be taxable itself. We suggested that it should be a clean tax credit for those who wished to apply for it, but only for \$1. Secondly, we said the program should be oriented to the young workers in our country who are seeking jobs for the first time.

We are pleased that the government has introduced Bill C-23, but I would have to point out that the government has complicated it and muddled it. First of all, it suggests that the tax credit should be as much as \$2 an hour, but then it wishes to tax back up to 46 per cent of it. In other words, for every \$2 it is proposing to give to an employer on an employee's wage, 92 cents would be taxed back by the federal government. We suggest that that is a complication which the government could have avoided. It will be confusing for businessmen who wish to participate in the program in that they will not be clear what the total subsidy is worth to them until they have worked out their tax position.

Second, our suggestion was that the program should be oriented toward youth, the first time job seekers. We said that if the program is designed mainly to help first time job seekers, it will avoid the problem which, I know, concerns many members of parliament, that is, the dodge of laying off staff only to hire them on a subsidy basis at a subsequent date. We felt that orienting the program to first time job seekers would avoid the administrative nightmare of trying to prevent that dodge. But, above all, we felt that the high level of unemployment among our youth was something to which we should direct our attention especially, and we felt that the employment tax credit approach was a good way to start. We pointed out that the purpose of the employment tax credit is to relieve unemployment, first of all, but also, secondly, to give a subsidized wage to a person for, say, six months. The government is proposing nine months. During that time it is hoped that that person will become a productive employee of his company and will continue on in a permanent job.

I should like to summarize our suggestions, Mr. Speaker. We are saying that we are pleased the government has accepted our suggestion. We are disappointed it has gone to the complicated rule of proposing a larger subsidy only to tax back up to 46 per cent of it. We are disappointed that the government has not oriented the program to the first time job seekers or to the youth of our country, but perhaps our greatest disappointment is that the government, as stated in the legislation and in the press statement which was released at the same time, proposes to put such a heavy emphasis on the Canada

Manpower Centres. As we all know, businessmen in this country are not pleased with the response they have been getting from Canada Manpower. They feel it is not a good agency through which to secure employees when they look for a further extension to their work force. For example, the Federation of Independent Canadian Businessmen carries out surveys, in one of which it was pointed out that 67 per cent, or about 15,000 people, mainly small business people, said they felt Canada Manpower employment services were poor.

We believe it is unfortunate, if the object of the program is to relieve unemployment, that there should be the impediment and the complication of having to hire the new employee, if one wishes to get the subsidy, through Canada Manpower. This is a rather tight red tape approach which the government is adopting.

I hope there is no doubt in anyone's mind in the House that we propose to support the legislation and we hope it will receive a speedy passage at second reading and in committee of the whole. But we also hope that the government will accept some of the suggestions we have put forth. We hope that the administrative nightmare which might occur will be minimized or eliminated, and we hope that the program will be oriented to our youth, who happen to make up one of the largest sectors among the unemployed of this country. Above all, we hope that the government will get on at last with clearing up whatever administrative difficulties it feels still exist in implementing this program, and that it will put it in place so that the Canadians who are tramping the streets in this cold, cold winter can once again get jobs on a more permanent basis.

I should like to draw your attention, Mr. Speaker, to the fact that during the committee of the whole proceedings, which we hope to reach before the dinner adjournment, we think it is important that the minister provide time for us to question him and respond to our questions, because I know that members in my caucus, and presumably other members of the House, will have questions to put to him concerning the administration of this program and concerning the government's general concept of the program.

We are talking about big money here. The government has indicated it will cost about \$140 million to encourage this type of employment and it hopes to tax back \$40 million of that, resulting in a net outflow from the Treasury of \$100 million. This is a lot of money, but the most important thing we must ensure is that this program works because, frankly, if the government brings in a program which, for reasons of an administrative nature or because of its concept, is not workable, we will not be doing a service to anyone. It is the unemployed about whom we should be concerned today, and that is why I hope the Minister of Finance will give us some time today when he can answer questions which members will be putting to him, as we are anxious to ensure that it is a program which not only makes sense in theory but which in practice will help relieve the unemployment situation in the country.

[Mr. Stevens.]