

I for one hope Senator McGovern gets the nomination, wins the presidency of the United States and goes on to do what he says he will do, because he is moving marginally in the direction about which we are talking in Canada. He recently referred to the "corporate rip-off" in the United States, indicating that the average and poor American citizen is subsidizing the corporate empire in that country to a fantastic degree. If he is elected president, he intends to change that situation.

I suggest this is not occurring just in the United States. If you look at what has happened in the shift of the tax burden in Canada since 1950, what will be seen is a trend that anyone with minimal concern for equity should view with apprehension. In 1950 the personal income tax share of the total tax burden was 26.7 per cent, while the corporate share was 28 per cent, or just about even. In 1953 the personal share went up to 33.5 per cent, while the corporate share went down to 24.3 per cent. In 1956 the corporate share went down to 23.9 per cent, while the personal share remained at 33.5 per cent. In 1957, the last year of Liberal government before the change, the personal share of the total tax burden went up to 37.1 per cent, while the corporation share went down to 20.6 per cent.

Then we had a change of government. We moved from the bad old Liberal days to the good Conservative days! One would think that under the right hon. member for Prince Albert (Mr. Diefenbaker), coming from the populace that he did, we would have seen a significant shift in the tax burden, with the average citizen paying less and the corporation paying more. We did not see that shift; the same inequitable trend continued. In the first year of the Diefenbaker government the corporate share was 21.8 per cent and the personal share 35.6 per cent. In the next year, the personal share was 38.4 per cent and the corporate share 20.1 per cent. The corporate share declined again in the subsequent year of the Diefenbaker government.

Then we had another switch and the Liberals came back into power. Everybody thought that with a change in government we would get a change in the tax burden. But the same trend continued. The amount of tax paid by corporations in Canada began to decrease significantly.

What is the present situation? Remember that in 1950 corporations were paying 28 per cent of the tax burden and ordinary citizens, through personal income tax, paid 26.7 per cent. In 1973, based on tax rates now, the corporate share of the tax burden will go all the way down to 12.2 per cent, while the personal share of the tax burden will go up to 49.9 per cent. This is a complete reversal in terms of trend which can be noted by anyone who is really concerned about tax equity in Canada. The Liberal government has made no progress in this regard over the preceding Tory government, which in turn made no progress over the Liberal government which preceded it.

**Mr. Knowles (Winnipeg North Centre):** The more things change, the more they are the same.

**Mr. Broadbent:** We have, in very significant proportions, what can only be called a corporate tax rip-off in Canada about which neither of the traditional parties in this country seems to be concerned.

What has happened in respect of DREE programs? These have been referred to today as programs to provide

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jobs but they are having little success. We have spent \$1.2 billion on them since 1969. The only study that has been made of DREE programs and is now publicly available suggests this money is being wasted. The study indicates that the money is not being spent in the way it was intended.

The study was made of 72 per cent of the 25 corporations with assets of \$20 million or more as of March last year. It was determined conclusively that these corporations were getting a windfall profit. The decisions made to locate in one part of Canada as opposed to another had absolutely nothing to do with the grants being provided by the taxpayers of Canada. In short, the corporations intended to locate where they did locate, but cooked the books and prepared a nice case to get handouts from this government. That is some regional development program and some waste of the taxpayers' money!

At six o'clock the House took recess.

#### AFTER RECESS

The House resumed at 8 p.m.

**Mr. John Roberts (Parliamentary Secretary to Minister of Regional Economic Expansion):** Mr. Speaker, I listened with great interest to what other speakers have said today in this debate. Unfortunately, I was not able to be here for all of it. Of the speech of the hon. member for Prince Edward-Hastings (Mr. Hees) there is not much that need be said, nor indeed much that could be said. Perhaps the kindest, and cruelest thing that could be said of it is that it was up to his usual standard. The speech of the hon. member for Nanaimo-Cowichan-The Islands (Mr. Douglas) was one with which I confess I had some sympathy, particularly the hon. member's emphasis on the necessity of doing more to assist the position of the smaller businessman in our society.

I know the Parliamentary Secretary to the Minister of Industry, Trade and Commerce (Mr. Howard) has already spoken in relation to this problem. I suggest it is not a problem which can be dealt with only through tax concessions in relation to profits made by small enterprises. There are real problems in Canada in finding and providing for small businesses the seed capital which they require to establish themselves. It is all very well to give tax benefits to those who overcome the obstacles of establishing themselves. What we need, however, for I believe our financial system has been inadequate in providing such capital, are institutions supported by government which meet seed capital requirements. Perhaps we might look more closely at what is being done in the United States to make available to business more of the kind of capital needed in what are necessarily high-risk operations.

There was one point made by the hon. member for Nanaimo-Cowichan-The Islands on which I should like to comment. He implied—perhaps this is understandable in a British Columbian member—that there is a bias against British Columbia in the making of grants. It was not clear exactly what kind of incentives he was discussing; it was