

Income Tax Act

works were a failure. We are at the height of the twentieth century when everything goes fast.

Then let us hurry lest in 1967, the centenary year, the province of Quebec, which has felt frustrated and baffled for so long in the rights vested upon her by the British North America Act, take steps which may be deplorable for the whole Canadian nation.

Let us hurry to find a solution. Let us use the supreme authority of parliament and exert it on the Bank of Canada, whose objects vested upon it in 1934 gave it power to mint credits which Canada needed. Let us stop considering formulas which are ineffective.

Miss Pauline Jewett (Northumberland): Mr. Speaker, following the previous two speakers both of whom have, it seems to me, argued that two of the very major problems facing Canada today are unemployment and domination of our resources by outside interests, I can only agree with them that these are the problems, and that these were the problems that were discussed in the recent election campaign; indeed the speech we have just heard sounds like one that had been prepared for the hustings and warmed up for today.

I cannot, however, agree with the previous speaker that this party committed itself to a course of action which would involve the kind of monetary control and use of the Bank of Canada which he suggests. I do feel, however, that through the present Minister of Finance we have tried to—

[*Translation*]

Mr. Perron: May I direct a question to the hon. member?

Miss Jewett: When I have finished.

[*Text*]

I do feel though that through the propositions we have today in the income tax amendments of the Minister of Finance we are making some fairly strong, indeed very strong attempts to meet these two major problems, and other problems as well. This is true particularly of the two I have mentioned—unemployment, primarily in the chronically slow growth areas, and outside domination of our resources.

All of us on this side of the house, certainly I can say this of myself, and I am sure of others as well, are pretty well convinced, and have been for some time now, that under the present Minister of Finance we are at least going to have taken the kind of action that will do something about these two problems.

We have all spent a great deal of time talking about these problems, both in and out of parliament. As we all know, it is much easier to talk about them than to take action, because these are very difficult steps to take. Obviously they are going to hurt some people. Obviously some members of the business and financial communities, and of other communities, as well as other countries, will not like them. It is inevitable that when a nation tries to control its own destiny, or tries to take strong steps to curb unemployment and create a higher standard of living, somebody is going to get hurt.

We wish this were not necessary. We would like to see everybody go along happily with everything that is done, but unfortunately this is not always the case; and when you take action, particularly in the economic sphere, you are bound to step on a few toes. But because a few people get hurt this is no reason to get up, like the hon. member for Pontiac-Temiscamingue (Mr. Martineau) did and say we should not take any steps at all. With that line of reasoning we would never do anything to curb and cure our basic, chronic unemployment.

The step I want to talk about primarily today is the part of the income tax amendment which has to do with tax incentives to new industries in designated areas. If the play of economic forces were working perfectly naturally and freely, if this free play of economic forces we always hear about, and which the hon. member for Pontiac-Temiscamingue referred to, were really operating, there would not of course have to be any tax incentives for certain designated areas of chronic unemployment and slow growth.

If the system were working as it is supposed to, labour would move out of the areas where there was surplus labour, or industries would move into those areas; but in fact of course neither in Canada nor in any other known industrialized country does the free play of economic forces operate in this ideal fashion. In practice, even in the most mature and sophisticated industrial nations, there are, have been, and continue to be, areas of chronic unemployment and slow growth. This has been true in Great Britain, France, Denmark, Belgium, Norway, Sweden, Italy, Ireland and the United States, and certainly it has been true in Canada as well.

However this is not to say that there has not been a high degree of mobility of labour. In fact, in all of these countries the problems of slow growth areas would have been very much more serious had there not been a fairly substantial degree of mobility of the labour force. For example, I was amazed to read the other day that in the United States it