

## EXTERNAL AFFAIRS

PROPOSED AMCHITKA UNDERGROUND NUCLEAR TESTS—  
REPRESENTATIONS TO UNITED STATES GOVERNMENT

**Mr. Barry Mather (Surrey-White Rock):** I have a question for the Secretary of State for External Affairs. In his absence I will direct it to his parliamentary secretary. Having in mind the major earthquake shock in the Pacific waters north of Vancouver Island this past weekend and also the major earthquake a few weeks ago in Los Angeles, will the government make clear to the United States Canada's concern over the pending underground nuclear test in the north Pacific, an earthquake prone zone?

[Translation]

**Mr. André Ouellet (Parliamentary Secretary to Secretary of State for External Affairs):** Mr. Speaker, the Canadian government is much concerned about this matter and protested last February 22 to the American authorities.

[English]

## GOVERNMENT ORDERS

## INCOME TAX ACT

**Hon. E. J. Benson (Minister of Finance)** moved that Bill C-225, to amend the Income Tax Act and to amend an act to amend that act, be read the third time and do pass.

**Hon. George Hees (Prince Edward-Hastings):** Mr. Speaker, the government's refusal to remove the 3 per cent surtax on incomes which, as we all know, was originally proposed for one year and extended with no justification whatsoever, is further evidence of the government's determination to continue to try to combat unemployment by the public works method, which will not work, instead of by the only practical and effective method. I refer to a reduction of income taxes, thereby putting more money in the pockets of the Canadian people which will enable them to spend more on the things they need. This, in turn, will stimulate sales and result in increased production and increased jobs.

The government's plan to fight unemployment by the public works method will not work for two reasons. First, the capital outlay required to create a single job is too costly for the Canadian taxpayer to bear if a sufficient number of jobs is to be created. Second, when the public works in question have been completed, the people employed on them will again be unemployed. We will be right back where we started.

I rise at this time to plead with the government to reconsider their policies and to realize that the only effective way to fight unemployment, the number one problem facing the country today, is to create conditions within the economy which will stimulate sales, increase production and jobs. The way to do that is to lower income taxes.

## Income Tax Act

Even at this late date the government should cancel the three per cent surtax on incomes which, as I said previously, was originally proposed for one year and extended without justification. When the Minister of Finance (Mr. Benson) introduces his budget later this spring, he could follow that constructive suggestion by introducing a six per cent reduction in personal income tax. In this way, sales would be generated through people having more money to spend. This would result in increased production and increased jobs. The government has a great opportunity to solve this number one problem facing the country today in a constructive, simple and straight-forward manner. I strongly urge the government, even at this late date, to take this opportunity to show its intention to fight unemployment in the only effective way, by reducing income taxes.

**Mr. John Burton (Regina East):** Mr. Speaker, Bill C-225 received extensive consideration at the second reading stage as well as in committee of the whole. I think the performance of the government has been very disappointing. We have not received the explanations and comments to which the House is entitled when considering a bill as important as this one. This bill provides for two changes in income tax legislation. The first is the provision of more generous tax allowances for business and industry.

When the Minister of Finance (Mr. Benson) presented his budget on December 3 last, he proposed part of his plan to stimulate economic growth and create more jobs. We have not seen one iota of evidence from the government that this proposal, when enacted, will produce that result. In spite of questions asked and cogent observations made from a number of quarters, the government has not yet come forward with any evidence to suggest that their dream will become a reality.

On two occasions I drew to the attention of the Minister of Finance and his parliamentary secretary an article which appeared in the December 12 edition of the *Financial Post*. The article pointed out that the response of industry and business to this proposal was very cool and that it really was not going to affect their plans. The articles also suggested that this provision would not stimulate more economic growth or greater economic activity. In fact, it pointed out that the only beneficiaries of this proposal would be those industries and businesses which, prior to December 3 last, had already decided to undertake an expansion program during the lifetime of this proposal namely from December 3, 1970 to March 31, 1972. By the time most industries are able to take advantage of the provisions of this section, the time will have run out. In fact, most industries which might wish to take advantage of this clause would not be able to do so on the basis of information as it has been made known to us. I asked the government whether it had any further information to suggest that this was not the case. No answer was forthcoming from the Treasury benches. On this basis, I think the bill is a fanning in the dark, an attempt to find solutions to problems with which the government has been unable to cope.