

*Income Tax Act*

years. That is the situation and it would not be tolerated in any other advanced industrial, liberal, democratic society. Only in Canada under that great reformer, Mr. Trudeau, do we permit, year in and year out, thousands of Canadians to go without jobs.

What does the budget offer in this situation? Does it really offer the stimulant of a significant across-the-board tax reduction? It does not do that. Does it offer major incentives to increase productivity by other means? It does not do that. It does nothing to change the unemployment situation whatsoever. I am informed that the statistics we will get tomorrow will show that things are getting worse. The unemployment statistics for the month of August, normally a good month, will show unemployment increases. The proposals we get from this government do nothing to change that situation.

In the views of the members of this party we should have major tax reductions, especially of sales tax on manufactured goods. This is certainly one good short-term means of stimulating the economy and providing jobs. We should have removed the special tax privileges enjoyed by the extractive industries which currently employ relatively few people and make huge profits. Let me say something more about that, Mr. Speaker.

It is estimated that about \$300 million in mining and oil alone is being lost in tax revenue because of special tax concessions to the extractive industries. Manufacturing in this country, which is taxed more highly, employs 1.7 million Canadians while the coddled and coaxed extractive industries, oil, gas and mining, employ only 100,000 Canadians. Let me give you some figures for 1968, the most recent period for which figures are available.

In 1968, the profits of the metal mining industry were \$497.3 million. The taxable income was only \$93.2 million. The percentage of profit being taxed was only 9.3 per cent and the rest went tax free. The profits in the oil and gas industries for 1968 were \$339.8 million and the amount taxed was only \$25.2 million. This represents a tax on only 12 per cent of the profits.

Let us compare this with the manufacturing industry. I will give you three examples. Manufacturing industry is labour intensive and a sector of the economy that provides many jobs. In 1968, the profits of the printing and publishing industries were \$128.1 million and they were taxed on 41 per cent of that profit. The profits of the electrical products industry were \$121 million and that industry was taxed on 37 per cent. Textile mills employ a great number of people and they were taxed on some 40 per cent of their profits.

• (4:40 p.m.)

The point has been made by members of our party, and more recently by the hon. member for Duvernay (Mr. Kierans), that what we need is a reversal of investment policies and taxation incentives, away from the extractive industries, which are high profit and low in terms of numbers employed, with a move toward the labour-intensive industries. The present tax proposals do not do that in the slightest. The special concessions to the oil industry and the mining industry are to be continued for another three years. It has been said that this gives them time to adjust. They have had a whole history of exorbitant profits at the expense of the people of Canada and yet

[Mr. Broadbent.]

they need three years to adjust. However, as the hon. member for Duvernay pointed out, when the special concessions which currently exist in respect of the mining industry are to be phased out a whole new system of accelerated tax write-offs for capital equipment will come into effect, which in turn will leave the industry virtually unchanged in terms of taxation. It is a sham of reform and is a backtracking, not only from the Carter Royal Commission report but even from the government's white paper proposals in this area.

In the past few years, the Carter Report has shown what can be done. It has shown we could substantially reduce taxes for the average person and simultaneously increase public revenue if we fill in the loopholes in the corporate structure and increase the tax on the wealthy, including a capital gains tax. It has been shown that this could be done. Members of the New Democratic Party have argued this in recent years. It was argued during the 1968 election and, I am sure, will be argued again in the forthcoming federal election. Very recently that would-be reformer who is now leaving the federal government, the hon. member for Duvernay, pointed out in some detail what could be done. Indeed, the Minister of Finance of the government of Manitoba, in essence, implemented within his province the kind of proposals I am talking about now. As a result, if I am not mistaken and if I am I hope someone will correct me, that province has now the lowest growth rate in terms of unemployment in this country. He recommended that the federal government follow similar procedures in terms of tax proposals but was turned down.

I should like to make the very sad observation that those who are right at the bottom of our economic system, that 20 per cent of Canadians who have only 7 per cent of the income, that whole group of people who on many occasions go to bed hungry at night, who live in homes which need plumbing facilities and indoor heating or who need new homes, will not benefit by these proposals.

I shall conclude by expressing, not in partisan joy at all, the regret of one citizen in any event who had some hope that in this area the party which has governed this country for so long, the party across the aisle, would do something that would have meant something to the average and poor guy. The government has not done so. This is something for which all of us in this House should feel some very genuine regret.

## PROCEEDINGS ON ADJOURNMENT MOTION

### SUBJECT MATTER OF QUESTIONS TO BE DEBATED

**The Acting Speaker (Mr. Laniel):** Order, please. It is my duty at this time, pursuant to Standing Order 40, to inform the House that the question to be raised tonight at the time of adjournment is as follows: The hon. member for Notre-Dame-de-Grâce (Mr. Allmand)—Air Transport—Airline Pilots request for early action on hijacking.