tion, a personal income tax reduction is not only desirable but practical. The revenues of the government have greatly increased, much more than anticipated in the government estimates. For example, in his budget last May, the Minister of Finance (Mr. Turner) expected a deficit of $450 million, but during the eight months previous to December, the government had a surplus of $759 million, a mistake of more than a thousand million.

Indeed, Mr. Speaker, when we realize to what extent public revenues have been underestimated and to what unbelievable degree the expenditure of the unemployment insurance scheme were undervalued, we are inclined to ask ourselves if the Department of Finance is competent enough to use a slide-rule, let alone a computer.

Thirdly, the budget must propose some selective reductions in the sales tax to manufacturers on items on which the tax becomes regressive, since it applies to families with low or average income. Such a measure would give rise to an immediate increase in consumer demand and employment.

[*English*]

Fourthly, to the extent that investment needs to be stimulated, it should be encouraged in small and Canadian-owned business through a redesigned Canada Development Corporation. I point out that these smaller, Canadian-owned firms are labour—rather than capital—intensive and would indeed open new job opportunities.

The marketing and management services referred to in the throne speech would also help. But what we do not need, and what we in the New Democratic Party will continue to oppose, is a continuation of the corporate rip-off at the expense of the ordinary Canadian taxpayer.

Some hon. Members: Hear, hear!

Mr. Lewis: This has not worked to produce commensurate employment in the past and will not do so in the future.

The commitments in the throne speech to more action in the fields of housing and anti-pollution, if the government means it and if they are properly and energetically implemented, would be of immense value in the fight against unemployment, for these areas create jobs directly and immediately. In our view, the billions of dollars granted to large and mostly foreign-owned corporations in tax concessions and tax deferrals over the last number of years with the intention, assumption or excuse that they would produce jobs, have not done so. They have served only to increase the tax burden on the individual Canadian, to distort our economic development, to expand foreign control of our economy, particularly in the resource industries, and to swell the profits and power of large corporations.

Some hon. Members: Hear, hear!

Mr. Lewis: The NDP continues to oppose, and is determined to oppose, this policy. I hasten to remind the Leader of the Opposition that this is a policy supported and promoted by his party as well as by the party opposite him. I say simply—I hope that those on the government benches understand this—that therefore much depends on the fiscal policies which the promised budget unveils.

I can say now that we oppose today, as we opposed last May, the corporate tax cut and the accelerated write-off proposals contained in that month's budget. We do not believe they will result in significant job creation. Indeed, the accelerated write-off provisions for new machinery and equipment make it relatively more attractive to use machines instead of people and may well result in fewer rather than more jobs. Furthermore, I think that all members of the House, members of the government party, members of the official opposition, and my colleagues, ought to know that a disproportionate share of the lost revenues through these rip-offs to the corporations will be captured as windfall gains by foreign-owned corporations.

Look at the facts. It is true that in the manufacturing sector, 75 per cent of Canadian companies are Canadian controlled; but it is also true that 25 per cent of foreign-controlled companies own 58 per cent of the assets and receive 64 per cent of the profits. It is, therefore, obvious that most of the additional $500 million which the Minister of Finance (Mr. Turner) hoped to give away last May will be a direct contribution to the coffers of the foreign-owned and foreign-controlled firms in this country. Indeed, Mr. Speaker, please note that some of this money will find its way from our treasury into the treasury of the United States government, due to a reduction in the credit which U.S. subsidiaries would otherwise receive or be allowed for taxes paid in Canada.

• (2010)

What concerns us equally about this attitude of the Liberal party and the Conservative party toward this subject is that the benefits of the accelerated depreciation—the accelerated rip-off, I should call it—and tax cuts will go mainly to the large corporations. The Minister of Finance has justified his gift on the grounds that these companies need the money to finance their expansion. Yet it is well known that it is the small and medium sized, Canadian-owned firm which has the greatest difficulty in borrowing for expansion from our regular financial institutions. It is these firms that the government should be trying to help. It is usually because of their limited equity position that such firms are unable to borrow in conventional money markets. Our major financial institutions prefer to lend to large firms whose equity and cash flow positions are large enough to guarantee security.

The New Democratic Party feels strongly that the $500 million which the government proposes to give away in its forthcoming budget, if it carries out its intention of bringing back the May proposals, and some of the DREE incentives should be used to provide equity to small and medium sized, Canadian-owned companies in the service and manufacturing sectors. I suggest to you that strengthened by this additional equity, these firms would be able to obtain the funds they need for expansion from our banks and other lending institutions.

The result would be both a strengthening of the Canadian-owned sector of the private economy and, if the equity were provided through the Canada Development Corporation, as it should be, a sharing of the benefits by the