

*Income Tax Act*

have heard from the hon. member for Lotbinière (Mr. Fortin). But he has stated that I have made false, dishonest, seditious and libellous accusations or whatever. I would like to remind Your Honour that I have quoted extracts from *Hansard*, and the hon. member for Lotbinière has no right therefore to accuse me of false statements since I was quoting from *Hansard*. And if such is the case, then the hon. member for Lotbinière should withdraw his statement or else confine himself to the extracts from *Hansard* which I have quoted.

[English]

**Mr. Deputy Speaker:** Order, please. It seems to the Chair that the hon. member is raising a point for debate rather than a question of privilege.

**Mr. Valade:** Not in the language used by the hon. member for Lotbinière (Mr. Fortin), Mr. Speaker.

**Mr. Cliff Downey (Battle River):** Mr. Speaker, Bill C-225 is another of these omnibus type bills that the government is in the habit of bringing in. It proposes an extension of the capital cost allowance to 115 per cent. I think that is all right, though I believe there are other tax concessions that could better improve the business climate and help get new industries off the ground. The fact that the surtax is being continued is, I believe, a deplorable step. It has caused untold trouble in the past, and will in the future. Taxes are creating a psychological depression in this country and are probably one of the main causes of unemployment, strikes and the general dissatisfaction that is so prevalent in the country. When I refer to taxes I refer to the oppressive taxes that are now with us and which are being proposed.

It is constantly being said that more demands are being made upon governments and that since the money to meet those demands has to come from somewhere, taxes must be increased. I suggest the solution is more a matter of priority and business judgment. I think this is no better illustrated than in an incident that occurred in the defence committee some time ago. I do not have the committee reports in front of me, but I refer to five warships for which Canada let a contract. These were dual-purpose ships playing an offensive and defensive role. I think the original estimate of cost for the five vessels was around \$156 million—something like \$31 million apiece.

These vessels have not yet been delivered because, since we want the latest in equipment, they have had to be upgraded and also we want them to be distinctly Canadian. For them to be distinctly Canadian entailed getting parts of the ships from about five different European countries: we got the guns from Italy, the firing pins from Holland, and so on. Can you imagine the practicality of a situation like that in time of war? In fact, it went even further than that. Before we took delivery of the vessels we decided to change the engines. Changing the engines involved changing the hulls. The vessels still have not been delivered, and we have an open-ended contract for God knows how much money. I think the cost of these vessels today is something like \$20

[Mr. Valade.]

million each more than the original estimate. We keep talking about raising more and more taxes, Mr. Speaker; but with businessmen in this country making deals like that, there will be no end to increases in taxes.

Let me say something about priorities for this country. I was never enthusiastic about the priority given to bilingualism. Although it is important, it is not as important as funnelling large expenditures into solving the unemployment situation. Our bilingualism program reminds me of the story of the lifeguard at the swimming pool who, when told someone was drowning in the pool, replied, "I know. But I can't swim". When asked why, if he was a lifeguard, he could not swim, he replied, "Because I am bilingual".

• (9:10 p.m.)

**Some hon. Members:** Shame!

**Mr. Downey:** I suggest that was his qualification, and priorities of this kind—

**Mr. Deputy Speaker:** Order, please. I hesitate to interrupt the hon. member but I should remind him that the House is now considering an amendment to the main motion, that is, for a six months' hoist. The motion before the House is in respect of Bill C-225 which deals with two matters relating to the Income Tax Act. The first part provides for capital cost allowance and the other provides for a continuation of the surcharge. With respect, I ask that the hon. member confine his remarks to these areas of discussion.

**Mr. Downey:** Mr. Speaker, I was trying to relate my remarks to the reasons behind our tax structure. There has been a great deal of criticism of the Minister of Finance (Mr. Benson). He is only an agent of the Prime Minister (Mr. Trudeau). He has crippled this country with fear in respect of what the future may hold as a result of tax reform.

Let me now refer to the evidence given before the Committee on Finance, Trade and Economic Affairs, volume 80. This evidence was heard in Edmonton, Alberta. Mr. Mannix, of the corporation of that name, was testifying. He referred to his company as a wholly-owned Canadian company which does about \$85 million worth of work per year, employing some 2,700 employees. He said:

I do not think that, at any time, Mannix or the Mannix family have to take a back seat or justify their position. I just want to make that absolutely clear. They have made a real contribution to this country, and I tell you categorically that we would still be dominated by the American organization, would still be restricted as we were being restricted from day to day then—that is why we bought our position back again—if the provisions of the white paper had been in effect then. We would not have been able to attract the talent that we needed.

In reference to talent he said:

Talent is our main consideration because without it, this country is going to go down. There are already prospects of this country not going to have the second highest standard of living. We are going to have the sixth. This is because our productivity is going down.