

*Income Tax Act*

the resolutions introduced by my predecessor last April. I respectfully suggest that a general examination of the pattern of these proposals be recognized as appropriate on this occasion. Furthermore, fiscal proposals affecting taxation pertain to the balance of ways and means. To enable them to consider proposals of this kind, hon. members have every right to expect an up to date review of the economic situation and a comprehensive statement of the government's financial position. That is what I propose to make now.

**The Chairman:** Order. I am sorry to interrupt the minister, but this is the point at which we seem to be moving away from the ambit of section (2) of standing order 59. Perhaps I should obtain unanimous consent of the committee before the hon. gentleman carries on. Is it agreed that he should be allowed to be at variance with the rules as to relevancy in section (2) of standing order 59?

**Mr. Leboe:** I think it should apply to all members.

**The Chairman:** Unanimous consent is given on condition that it will apply equally to the leaders of all other parties in the house.

**Some hon. Members:** Agreed.

**The Chairman:** In addition, it is agreed that those other leaders of the house shall be permitted an extension of time, as will the minister, to permit them to complete their remarks on this resolution, in a general way.

**Mr. Pearson:** You are suggesting then, in fact, that this be conducted as though it were a budget debate.

**Mr. Leboe:** I think it should be clear that the members, while limited to 30 minutes, will have the same latitude as the minister and the Leader of the Opposition.

**Mr. Nowlan:** That is understood, of course.

**The Chairman:** I will put that on the record, if I may. I made the conditions clear as to time with respect to the leaders and as to the application of subsection (2) of section 59. I will now make it even more clear that the variance as to the rule of relevancy will apply to all hon. members of the committee in the course of this debate. Is that agreed?

**Some hon. Members:** Agreed.

**Mr. Herridge:** May I just raise one point. You mentioned that this extension of time would apply to all leaders. Would that mean the first spokesman for each party, whether he be the leader or not?

**The Chairman:** The hon. member for Kootenay West suggests that it should apply to the first spokesman for each party. Is that agreed?

**Some hon. Members:** Agreed.

**Mr. Nowlan:** Mr. Chairman, I should like in the five minutes left to me at this hour to give a picture of the Canadian economy and the economic development of our country as the government sees it at the present time. The Canadian economy has been expanding. Employment has been increasing and unemployment is decreasing. Our exchange position, Mr. Chairman, is improving and prices have remained relatively stable. The present performance of the economy is impressive by many standards. In the second quarter of this year our gross national product was at an annual rate of about \$39.5 billion, almost \$4 billion higher than in the initial quarter of 1961. Between these two periods real non-farm output rose by 8 per cent to a level 7 per cent above the previous peak. I emphasize "previous peak". It is not last year, but 7 per cent above the peak of the past. Even more impressive has been the gains achieved in industrial production. In the three months ending July 1962, the volume of industrial production had increased from 12 per cent to a level 9 per cent above the previous peak. The improvement in manufacturing for the past year and a half has been particularly encouraging. The available figures for July show that manufacturing output had risen by 13 per cent while that of durable manufactures was up by 18 per cent. The gains in production in our country have meant increases in jobs and reduction in unemployment. In the first nine months of this year there were on average nearly 200,000 more Canadians at work than in the same period in 1961. The rate of unemployment seasonally adjusted has been declining for the past year and a half and is currently 5.6 per cent of the labour force, compared with 7.7 per cent as at the beginning of 1961.

These gains in employment have been accompanied by higher income. Between the first quarter of 1961 and the second quarter of 1962 incomes from wages and salaries are up 9 per cent and personal disposable income by 11 per cent. The level of business profits has also been responsive to the gains in economic activity, the second quarter of 1962 being about 30 per cent over the first quarter of 1961. Consumer spending and services have risen by 7 per cent. Automobile sales are establishing a record this year. To the end of August 360,000 passenger cars had already been sold, 50,000 more than in the same months of 1961. Business has been increasing its investment in plant, equipment and machinery to meet the demands for expanding markets and for new products. In the first half of this year business investment was running 6 per cent above 1961. Undoubtedly