

The purpose of increasing interest rates was not to serve the interests of the people, or to build better quality homes or lower cost homes; the purpose of government policy was to make it more profitable for the insurance and trust companies and those with money in their pockets to lend their money, since they refused to lend it unless the interest rate was increased.

Let me give a further indication that the orientation of government policy has not been directed toward helping farmers or workers but rather primarily toward assisting industry. When the Liberal government was in office not many years ago it imposed a special 5 per cent tax on industry. This was supposed to dampen pressures created by capital and construction projects undertaken by industry, to cool down that section of our economy. The 5 per cent tax that was levied on industry came into the coffers of the treasury and subsequently was repaid.

At the same time the Liberal government imposed another 3 per cent tax on industry and on workers up to a maximum amount, which meant that the heavy burden of this tax fell on the wage earners, farmers and so on, of this nation to enable the government to pay back industry. That, Mr. Chairman, was the political orientation of a party under the capitalist structure, including those who run industry, who obviously also run government.

Mr. Nielsen: Pretty sneaky.

Mr. Howard (Skeena): It was not sneaky at all; that is the way they do things. That is standard practice. There was not anything sneaky about it; this was done right out in the open. They told us that they were going to do it and we blithely went along with it. By "we" I mean the general public and the country at large, who probably did not give it that much attention.

What the Minister of Finance did the other night was another example of adjusting tax rates, not to assist the farmers or workers of the nation or to increase the purchasing power in the hands of the six or seven million people in the work force, but rather to assist industry. Otherwise, why is it that the farmers, workers and fishermen end up with a 3 per cent reduction in tax and industry ends up with a 7 per cent reduction? Is one twice as important as the other? Let us examine what this tax reduction means to a single man earning \$8,000 a year. According to the tax tables, with the reduction in tax announced the other night by the finance minister, this individual will save the grand total sum of \$19.26 over the whole year. Actually, he will save only half that sum this year because the new reduction applies only to the last half of the year.

I am glad that at least one cabinet minister is paying attention to my remarks, the Minister of Indian Affairs and Northern Development, and he had better do so because most of the people under the jurisdiction of his department, namely the Indians, do not come this high in terms of income level and therefore will not be affected by the new tax reduction. They will remain at the bottom of the income ladder, at the same level of poverty. I hope that something will take place within the minister's department to elevate the income levels of the Indian people so that they will find some benefit from these tax reductions.

Income Tax Act

Now take the case of a married person with two children and an income of \$8,000. He will save a grand total sum, next year not this year, of \$13.44. Is that not a fantastic and generous gift on the part of "Santa Claus Benson"? Let me also examine the taxation statistics for the last year for which they are available, the 1971 edition which was released a few days ago. It is of interest to note that all employees classified here—and there are 6,312,000 of them—had an average annual income in 1969 of \$6,047, and this income has not been increased much since then. A married person with two dependants, with an income of \$6,000 a year would get a tax reduction, not this year but next year, of exactly \$4.32. Such generosity, I know, is hard to accept.

Let us take the case of a farmer with an average annual income during that year of \$5,106, or a fisherman with an income of \$5,048. A farmer with two children, or for that matter a fisherman with two children, will benefit under this great and generous Liberal government to the extent of \$4.32 next year. If they have a similar income this year, then they will benefit by only \$2.16 since the tax reduction is effective for only the last half of this year.

• (3:30 p.m.)

By contrast let me show how one industry, in particular, using the corporation law of the nation, using loopholes in laws passed by successive governments of this country, is able to cheat the Canadian taxpayer and industry itself of \$2,300,000 within the next two-year period. A decision is to be made on October 25, just a few days from now, when Atlantic Sugar Refineries Company Limited proposes to sell its business and assets—it does not propose to sell the company as such but just the business and assets—to a wholly owned subsidiary called Acadia Pulp and Paper Limited. Atlantic Sugar already owns Acadia Pulp and Paper Limited; it is the parent company and it proposes to sell its business and assets to that wholly owned subsidiary. It might be said that this is a normal corporate transaction, that it is done every day. I do not know how they propose to do it, probably by an exchange of shares or something of that sort.

The president of Atlantic Sugar, Mr. W. J. R. Paton, a gentleman who just the other day suggested we continue selling out this nation to the United States, made a speech in which he said:

—the proposed transaction—

That is, selling the business and assets of Atlantic Sugar to Acadia Pulp and Paper.

—is to increase the after-tax earnings of the company and its subsidiaries, considered as a unit.

Do you know what is happening? Atlantic Sugar Refineries Company Limited is making a profit and Acadia Pulp and Paper Limited is losing money but the same man owns both. As matters stand now, he cannot charge the losses of Acadia Pulp and Paper Limited against the income of Atlantic Sugar. He has to pay taxes on the income of Atlantic Sugar. However, if he sells the assets and business to Acadia Pulp and Paper he will be able to charge the losses of the pulp and paper company against the profits of the sugar operation as one unit. That way he will end up cheating you, Mr. Chairman, and me and