Canada based on an annual rate and annual considerations. These programs are only supplementary to offset seasonal effects and seasonal unemployment, but in no way constitute a substitute for an adequate program for the development of employment opportunities in this country.

These items relating to the winter works program and supplementary amounts for LIP are here before us now because of the inadequacy of the budget of last May. They are here before us at this time because the budget of last May failed to generate enough growth in our economy and failed to encourage enough development of employment. I think most of us agree that in Canada most jobs are created in the private sector. Indeed, I think the Minister of Finance (Mr. Turner) during his budget comments of last May emphasized this and emphasized that his efforts were directed toward increasing employment in the private sector through direct encouragement to certain types of industrial investment in Canada. Hence we had the proposed reductions in corporate taxation for manufacturing and processing operations as well as fast write-offs in respect of new equipment purchased. But we emphasized at that time that this was not an adequate stimulation of the economy and that these measures would not have the effect of generating the rate of growth the minister was talking about, even the 6 per cent or 6½ per cent which in the circumstances would not have had any marked effect on the rate of employment or unemployment in this country.

We emphasized that this was a very inadequate proposal to place before this House of Commons at that time, if it was really designed or intended to generate the rate of growth required in order to cut down the terrible rate of unemployment that existed. There was some suggestion that the personal income tax cuts we were demanding prior to that time, at budget time and ever since, were inflationary. I do not think too many people would now argue that such is the case in the existing context of inflation. Indeed, the Economic Council of Canada in its recent report indicates that if personal income tax cuts are not introduced, in certain circumstances this might very well have an inflationary effect. This has been our argument. I do not wish to spend too much time on this aspect this afternoon, because in about a week's time we will have an opportunity for a general debate. I simply wish to make the point that these estimates are before us today. One may call them a band-aid or whatever may seem appropriate, but they are here because of the inadequacy of the budget which the Minister of Finance presented to this House last May.

It must be said that the budget that was adopted, despite our objection and despite the fact that we on this side of the House voted against it, constituted a drag on the economy through the summer, the fall and so far through the winter because it has generated a much higher degree of revenue for the government as a result of the tax schedules in the so-called tax reform bill passed in late 1971, which of course has a schedule of tax brackets much more productive in terms of revenue for the government as people move up the income scale than the old brackets. So, partly as a result of the new tax schedules adopted, and particularly because of the high rate of

inflation we have had through 1972 since the budget, this government has been taking in money hand over fist.

There has been some suggestion by the Minister of Finance that these increased revenues are due to the rate of growth of the economy, but I point out that the economy has grown at a substantially slower rate than the Minister of Finance projected in his budget when he gave his projection of estimated revenue. The minister projected a growth of 6½ per cent whereas it looks now like something in the order of 5 per cent or 5½ per cent. The President of the Treasury Board suggests that that is not the case. However, it will be nearer 5½ per cent than 6½ per cent. The Minister of Finance will fall one per cent beneath his forecast in respect of the growth in the gross national product.

• (1540)

So my point is, that the extra money that the government is taking in is not because the growth rates are exceeding the target of the government. In fact, the growth rates are well below the prediction of the government, well below the figure upon which it based its estimates of revenue at the time of the budget. I would point out also that the rate of growth in capital investment has been a disappointment. The budget measures presented last May have not generated a rapid growth in industrial investment. This reminds us again that we were, of course, right in emphasizing that people will not build bigger factories or more factories unless there is a demand for the products requiring enlarged factories, more machinery and more equipment. This is why we were pressing for measures to stimulate the economy and stimulate the demands for investment. So, we called for personal tax cuts.

I say that instead of this sort of behind-the-door operation that the government performed in December of last year by increasing grants for LIP and establishing a winter works program, we should really have had a mini-budget late in November or early in December because if there was ever a time when the estimates and the planning of the budget for the year were completely out of whack it has been this year. We should have had a mini-budget so that, among other things, the drag on the economy that the budget of May had created and was continuing to create could be dispelled immediately rather than having to wait for a measure in March to do this. No one has been able to find out for sure whether income taxes are to go up 3 per cent as of January 1. Despite the fact that the calculations of the Minister of Finance were completely wrong in May, despite the fact that it has been demonstrated for months that his budget was inappropriate, this government would not even say in November, December or January that the 3 per cent increase in personal income tax rates was not going to go into effect as of January 1 of this year.

We called for tax cuts on the basis of conditions as they existed in the fall of 1972 and relating to the current fiscal year. We said that a 3 per cent increase in personal income taxes should not come into effect on January 1, and we said that we required a 4 per cent cut in personal income taxes to offset the increase in the real rate of taxation which has come about as a result of inflation taking place. I am addressing myself to the current fiscal year. I am