

The Budget—Mr. De Bané

[English]

Let me offer another brief illustration of how this fourth tier tax credit would work. Suppose a small manufacturing company acquires \$20,000 worth of new machinery for an expansion in 1981. It would be able to claim \$10,000 against its federal tax payable when it filed its income tax return for the year, giving it a gross gain of \$10,000.

However, the company would not be able to claim the regular capital cost allowance on the whole \$20,000. To be absolutely precise, I would say that the gross benefit would have to be reduced by 20 per cent, that is, \$2,000, which would give the company a net benefit of \$8,000. Of course, if the firm does not have any federal tax payable it can defer the benefit for up to five years. Similarly, if it has less tax payable than the \$10,000, it would be able to take the remainder in a following year.

● (2020)

Business people may well ask how this special investment tax credit will relate to my department's other industrial incentives, such as those under the Regional Development Incentives Act. Firms which establish, expand or modernize operations in the specially designated areas may still apply for these incentives.

[Translation]

Madam Speaker, I realize that our colleagues from the New Democratic Party are not interested in this measure which seems to me extremely generous. We must no doubt forgive those high priests of parliamentarianism for showing us tonight they don't have any interest in a totally revolutionary measure that no NDP government has ever dared present in any of the provinces where they were in power.

One of the reasons, Madam Speaker, which motivated the government to propose an investment tax credit of 50 per cent—and as I said before, no government in Canada ever dared go so far in helping disadvantaged areas—is because the subsidy program of the Department of Regional Economic Expansion does exist. The purpose of those subsidies is to help those who want to start new businesses, therefore we had to come up with a system to help those already in business and who, instead of paying taxes, will be able to invest in new businesses in areas of Canada with greatest inequalities, which are far away, and where job opportunities are few.

[English]

Most manufacturing and processing industries, as classified under the Regional Development Incentives Act, will be eligible for the 50 per cent tax credit if they establish, expand or modernize in the specially designated areas.

With this special investment tax credit program, I believe we are widening the arsenal of weapons to fight disparities in Canada. This one will prove a very useful tool, one involving a minimum of administrative requirements and one with a special appeal for small local business.

An hon. Member: A tax write-off.

[Translation]

Mr. De Bané: Madam Speaker, I notice that once again the hon. member shows the same prejudice he demonstrated yesterday in the House—

[English]

An hon. Member: You are repeating a speech from ten years ago.

[Translation]

Mr. De Bané:—and I can tell him that I am sorry, I am talking about a new program, a revolutionary program that several provincial ministers of finance in their comments a few weeks ago had to recognize as being extremely generous. An investment tax credit of 50 per cent will allow every Canadian who wants to do so, to invest his savings in the most disadvantaged area and especially those who live in those areas because there is one thing I have learned since I became a member of this House that the development which occurs is due to the contribution of the people who are living in those disadvantaged areas and the government must make sure to provide them with the necessary programs. We are talking here about a very powerful tax measure which will show those people that we are going to be, as well as all the other Canadians, their partners because every one of them, instead of paying tax to the government in Ottawa, will be able to invest in those most disadvantaged areas.

[English]

The Acting Speaker (Mr. Ethier): Order, please. The hon. minister's allotted time has expired. Nevertheless, he may continue with the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

Mrs. Margaret Mitchell (Vancouver East): Mr. Speaker, we have heard many speakers criticizing this budget in the last few days. I think that most Canadians will agree with these criticisms whether they support Crosbie, the stand-up comic or Rae, the rational radical.

Our Liberal friends over there may admire the slick deception of their finance minister's style. However, I must say in plain English that this is a sneaky, dishonest and disgusting budget. Because of its inhumanity, this budget will put enormous hardships on Canadians and their children in future years.

I want to concentrate tonight on the effect this budget will have on the ordinary people; in particular, on what this budget means in relation to housing problems which face millions of Canadians from east to west.

First, I want to deal with unemployment. Unemployment will increase to 8.5 per cent, which means that over one million people will be unemployed, the highest percentage since the depression. Yet, when we hear these statistics, I wonder if