

Income Tax

slightly over \$2 per week per taxpayer, is adequate to provide the stimulus our business community so badly needs.

If the corporate tax concession were removed from Bill C-11, it would mean an added \$1.2 billion could be channelled into a more extensive, more equitable scheme of tax cuts for the middle and low income earner. The government should note that there are four million Canadians who live below the poverty line. These people have little or no taxable income, so they are unable to benefit from the present proposals for tax cuts. Yet these are the people who most need the goods and services our business community is so anxious to supply, and who would be most likely to spend the added income they receive. For that reason, tax cuts must be made in the form of tax credits, payable whether or not a Canadian has a taxable income.

By directing most of the tax cut to those at the lower end of the income scale, the government would not only be compensating those families most affected by continuing increases in the cost of food, clothing and fuel, it would also be ensuring that the value of the tax cut would be transferred directly into the economy through increased consumer spending.

The Economic Council of Canada, in its annual report tabled this week, proposed that the government implement a more extensive program of tax cuts to stimulate consumer spending and economic growth without incurring inflation. This is the same suggestion the New Democratic Party has been making for months. The Council, which is a federally established advisory agency, made their unprecedented recommendation after predicting another five years of high unemployment, persistent inflation, large trade deficits and slow economic growth. It said that personal income tax cuts contained in the minister's mini-budget were not enough, and the situation called for an added \$2 billion cut at the provincial and federal level. Yet yesterday in the House the Minister of Finance dismissed this report, a report from the government's own advisory agency, as "not responsible".

I would submit that it is the government that is not responsible. It is not responsible in continuing a \$1.2 billion program of tax concessions to corporations, which is an admitted failure to begin with. It is particularly not responsible in failing to provide the kind of economic leadership this country requires, if the prediction of the Economic Council of Canada is not to become a reality.

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The government must act to implement a positive recovery program in the private industrial sector. It must correct trade inequities which have been allowed to develop unchecked for far too long. Too often Canadian industries have been short-changed in terms of distribution of jobs, investment and research and development expenditures. Only after the government acts to protect Canadian jobs can there be any assurance of a permanent increase in the manufacturing sectors, which have been hardest hit by our prolonged economic slumps. I am thinking specifically of the auto industry, but action is also

[Mr. Blackburn.]

needed in our long-suffering shipbuilding, textile, electrical and footwear industries.

In the auto industry alone this year Canada faces a \$3 billion deficit in its parts trade. Because of inequities in the trading relationship between Canada and the United States, Canadian parts manufacturers are producing only half as many parts as there are consumed in the manufacturing of vehicles in Canada. If this situation were remedied and Canada were to obtain its fair share of North American parts production, over 20,000 new jobs could be created for Canadians.

Disappointingly, the government has failed to take any initiatives in the sectors where it is needed most. Instead, it prefers to subsidize corporations to the tune of \$1.2 billion, corporations which express their gratitude by laying off thousands of Canadian workers. Failing that the government has preferred to do nothing at all. It stands idly by as thousands of auto workers, shipbuilders and textile workers lose their jobs, and then it scratches its head and wonders why.

We know why more Canadians have lost or are in danger of losing their jobs than at any other time since the great depression. It is because the government stubbornly insists on pursuing its misguided programs and rejects out of hand the alternatives which could restore the country's economic vitality.

What I have been addressing myself to in the last 20 minutes or so relates really to the same old Liberal government approach to hard times. We have been talking a lot in the past few years about injecting cash flow into the economy, and we have been suggesting that we should not put the money in at the top in an economic crisis—and, indeed, we are in a very serious economic crisis—because it does not trickle down or, if it does, it trickles down very slowly.

What we have always suggested is that the money should be injected at the bottom where it is most needed. It should be given to the 25 per cent or 20 per cent of the people of Canada, 4 million Canadians, who are below the poverty line. These people will spend the money. This will generate demand and put people back to work. Indeed, as my friends to my right argued earlier this afternoon, it will also stimulate investment. However, we cannot argue that we should stimulate investment by giving corporations huge amounts of tax concessions which in turn they use for the purpose of saving, and not re-investing to expand their facilities.

The Hon. John Turner sent out a questionnaire a couple of years ago to industries which had received tax concessions and rapid write-offs. The replies he received must have been embarrassing and disconcerting to Mr. Turner, because in fact most of the industries, or certainly a majority of them, stated that those tax concessions did not at that time result in the creation of more jobs. When plants operate at 80 per cent of 83 per cent capacity, they are not going to use that money to expand unless there is demand. That demand must come from the consumers, and if the consumers do not have sufficient cash with which to purchase goods, obviously there is not going