

*Income Tax Act*

financial cards of the country and has taken a very dangerous method to try and deal Canada a better hand at this time. I am strongly of the opinion that the chances are that the hand will not be a better hand.

Clause 16, which deals with the exemption of income from manufacturing or processing business in designated areas, is not, as it exists, good legislation. The dangers of the clause have been ably pointed out to us by the hon. member for Wellington South. I submit, Mr. Chairman, that it is discriminatory. The industries which can take advantage of the designated areas will get a free ride on the financial income tax bandwagon whereas the industries in a non-designated area or in close proximity to a designated area will have to pay more income tax than ever. There is no doubt about that, because the Minister of Finance will have to demand from the country as a whole vast amounts of money for the next fiscal year. Therefore I submit that industry in non-designated areas will have to pay more income tax in order to give these new industries moving into designated areas the advantage that the Minister of Finance has promised them in clause 16.

Second, the clause is contradictory in that it contravenes municipal autonomy. Third, the measuring stick in the criterion is unfair; it is certainly autocratic and there is no doubt it is impracticable. We should be using, I submit, a 12 month period to measure the extent of employment in a given municipality which may now become a designated area merely by virtue of a six month period of unemployment in the summer or the winter. The barometer is not ample enough.

Fourth, it is certainly an affront to provincial and municipal autonomies. There are four levels of government in this country, and two of the most important levels are the minor municipality and the major municipality; that is, the township, village or town, and the county. They should certainly have the right to apply and should be the first to know whether these measures should be taken within their boundaries. In fact, I have had in my riding some suggestions from some quarters to the effect that our area be considered to have a lower degree of industrial and commercial activity compared with others, and I did suggest to the people who brought the subject up that we had not asked for any such measures. We have learned in the past, especially in southern Ontario, that we are self-supporting and that our efforts in that regard should be taken into consideration.

Fifth, this clause is not satisfactory to the great majority of industry. That goes without saying because we know the righteous howls

of protest which are coming from established industry in the environs of municipalities which have been designated.

For that reason, Mr. Chairman, I move, seconded by the hon. member for Okanagan Boundary:

That section 71A (1) (b) be amended by adding: "except that the provisions of this section shall apply only where the municipality in which such taxpayer carries on business has requested the benefit hereof, and that municipalities receiving such benefits must not be closer to each other than 100 miles".

**Mr. Benson:** Mr. Chairman, this amendment changes the basic concept of designated areas as defined in this particular clause of the bill. It does not refer to the bill as such.

**Mr. Aiken:** Mr. Chairman, on a point of order, is the parliamentary secretary speaking to the amendment or to the validity of the amendment?

**Mr. Benson:** I am speaking to the amendment. The concept of designated areas, Mr. Chairman, as defined in this particular clause of the bill was worked out very carefully in consultation between the Department of Industry and the Department of Labour. It was put into the bill on the basis that areas which were lesser developed or which needed economic incentives would be granted these economic incentives on a logical and proper basis, bearing in mind the employment statistics over a period of years, and without any possibility of the sort of patronage which might develop if one were going to have varying criteria and municipalities coming to the federal government with their hat in their hand, as they did under the surplus manpower areas legislation of the previous government.

I have heard a great deal of talk over the past several days about this particular part of the bill being discriminatory. It certainly is discriminatory and is intended to be. The intention of this part of the legislation is to encourage industry to move into areas in Canada which need economic development.

We have heard members opposite saying, for the past few days, that it is unfair for the federal government to choose particular areas for designation when they were within a short distance of other areas with a better record of growth. They say it is unfair because it would attract industries from those other areas. The proposal is criticized because, it is said, it in some way over-rides municipal autonomy. I believe the bill as presented to the house is written in such a way that people across the whole of Canada are fairly treated. The areas designated are chosen on a legitimate basis as a result of the consistent application of facts set out by the Department of Labour. No area can claim it has been