

Income Tax Act

Earlier this afternoon it was suggested that on the seasonally adjusted basis at least, we experienced the highest August unemployment on record. I do not know about that, I imagine it is correct, but I have not checked it. But I do know that we do have the largest labour force in history and that in August there were more people working in Canada than ever before.

Some hon. Members: Hear, hear.

Mr. Mahoney: Random figures for the the number of employed will indicate the trend. In September 1969 there were 7,756,000 Canadians working. In September 1970 there were 7,898,000 working. In March of 1971 we crossed the eight million mark at 8,018,000, and in August of this year, last month, 8,517,000 were working. In other words, for the year from September 1969 to September 1970 the increase in the labour force in Canada was a little under 150,000.

Mr. Bell: But there are more people in the country.

Mr. Mahoney: For the five months from March to August of this year, the increase was just under one half million. During the current calendar year, January to August, the labour force has increased by 643,000 to over 9 million—9,160,000 to be more exact. With respect to employment, the number of Canadians working increased by 724,000 to the 8,517,000 figure I mentioned a moment ago. At the same time the number of unemployed fell by 83,000 to 455,000.

• (3:20 p.m.)

Clearly, Mr. Speaker, Canada's economy has been expanding at an accelerating rate throughout 1971 until August. There is a very real problem with the very large body of teenagers entering the labour force each year. They are entering an increasingly productive work force. Employment is increasing, increasing greatly, but not sufficiently to absorb this particular age group, and the problem of why the members of this age group—in addition to the sheer numbers that are coming along on this flood tide of young people—are staying in the labour force, why they are not going back to school or university, of course was alluded to by the Prime Minister (Mr. Trudeau) a few minutes ago. It is a very serious problem, a very genuine problem. Nobody denies that. The fact is that on the over-all basis, it is the problem. With respect to other segments of the work force, other age groups, and particularly heads of households, the employment situation is not really as difficult as the over-all picture would indicate, taking into account this phenomenal situation in the 14 to 19 year age group.

I would like to reiterate that nothing I have said is an assessment of what is likely to occur as a result of recent U.S. actions, because nothing that occurred to mid August reflects those actions. At the moment, I suppose the best we could say is that it is uncertain.

Turning to the tax bill before the House, Mr. Speaker, I have been listening with some considerable amusement to the invitations from across the way for my participation in this debate. My failure to respond earlier to those kind invitations is not to be construed as ingratitude. I appreciate the kind comments of the hon. member for Gander-Twillingate (Mr. Lundrigan) and certainly shall, if the

Law Society permits, use his generous endorsement of my expertise in the tax field as and when I re-establish myself in private life. I regret that the hon. member for Edmonton East (Mr. Skoreyko) was unable to extend his brief and unusual visit to the House of Commons so that I could now thank him personally for his invitation. I must say that I found the speeches of both hon. members a refreshing change from the tedious reading into the record of the pedestrian offerings of the Tory research bureau.

I understand that during the past summer that organization found time to turn out about 20 speeches on the budget and Bill C-259, which were then circulated en masse to their employers with the suggestion that, "If you find one you like, it's yours". Evidently several hon. members opposite found ones they liked. It is an interesting use of the public funds provided to the Official Opposition for research purposes. It is regrettable, from a cosmetic point of view at least, that these speeches are so similar to each other as to be easily identified.

It may be, Mr. Speaker, that you and I are the only ones really paying attention to these speeches. After all, we are in the unenviable position of being paid to do so. Certainly, if the media are listening they are not giving any indication that they have heard, but I did think, in kindness, that I should let the hon. members of the Official Opposition who are using these bottom-of-the-line production models know that they are neither fooling nor impressing anyone who is listening.

In so far as the NDP is concerned nothing has changed over the summer. They are still on the tack that Bill C-259 does not constitute tax reform. That is a value judgment in which the government and the vast body of Canadians do not concur. I suppose that the corollary of a half truth is a half lie, but since the term "half lie" would be at least half unparliamentary I will stick to half truth. The NDP persists in telling half truths about the reformed dividend tax credit and the abolition of the federal estate and gift taxes.

Members of the NDP deal with estate and gift taxes in complete isolation from the institution of the capital gains tax. The capital gains tax is, in effect, a pay-as-you-go estate tax and, of course, a gift tax is a necessary adjunct to an estate tax. No fairminded Canadian honestly accepts that a tax system designed for equity, for continued economic growth, and to meet modern social needs could incorporate the double whammy of the estate tax together with a capital gains tax. I will leave it to others to decide whether the NDP is not fairminded or not honest on this subject, or perhaps neither fairminded nor honest, but there is not doubt, to be most charitable, that members of the NDP are deliberately dealing in a half truth when they divorce the institution of a capital gains tax from the abolition of the estate tax.

The other half truth is even more flagrant. In talking about the dividend tax credit they talk about the increase from 20 per cent to 33 1/3 per cent, but religiously never mention that the present 20 per cent dividend tax credit is tax free while the reformed 33 1/3 per cent dividend tax credit will be taxable. The present tax free credit is, of course, of more benefit to persons with high incomes than to those with low incomes, while the new system will in fact more closely reflect the recipient's own circumstances. In actual fact, assuming that the provinces con-