duction processes which will produce a product that can be sold on which a profit can be made. One of the few redeeming things I see in this Bill is the investment tax credits, because those may stimulate some of the capital spending that we need.

We have heard from the business community that what is really holding everyone back is the question of where interest rates are going. I note that the Bank of Canada rate is now at its highest point in the last year. It is now at over 10 per cent, and that is concerning many people who look at the trends in interest rates. They are asking where we are going, whether the rate will stay as high or if it will drop lower.

Among the real investors who are interested in long-term activity, much is made of the fact that real interest rates are double what they normally are. In other words, whatever the bank rate is less inflation is what is called the real interest rates. Traditionally, those interest rates are at 3 per cent. They are now above 6 per cent, and that is what concerns those who are looking for the long-term investment and sustained economic activity that will soak up some of the unemployed and get them off the unemployment rolls and back into a normal lifestyle.

● (1600)

The economic indicators in the economy show housing starts have dropped by 41 per cent, unemployment is flat at about 11 per cent and inflation is down to 4.9 per cent, but the dollar is also down, and that is causing concern. Where are interest rates going? There is almost a subculture in this country that has made a short-term killing on high interest rates. Long-term sustained growth is what we need, however, in order to employ those people able to work and retrain those who lack skills so that we can create a society able to pay for housing, automobiles and consumer goods without subsidies or grants. These should be the long-term objectives of the Government.

The key to all this is a decline in interest rates which will be maintained in the long term. This would encourage investment in projects of a lasting nature. Many economic commentators claim that Canadians are great savers and traditionally put from 13 per cent to 15 per cent of annual income into savings. Some way must be found of translating those savings into consumer goods or long-term investments. That can only be done if people are convinced of the stability of interest rates over a long period. Then they would be prepared to invest in homes, factories or the refurbishing of plant and machinery and activities that create jobs. If we can do all that, and I believe we can, then we will be able to sell our production on world markets on a sustained basis. That type of activity is what will turn the economy around and keep it going.

If there is a sustained rise in interest rates as a result of the upward movement in the prime rate as expressed by the Bank of Canada, there will be panic in the economy. People will begin to hold their money in savings accounts in anticipation of an increase in the inflation rate.

We must continue to fight inflation and put policies in place that will sustain lower interest rates over a long period of time. When that happens, all sorts of investment money will become available. We will not have to go outside the country for money or to the Government for grants. The key is lower interest rates for a long period time. If that can be achieved, then the recovery, fragile as it is, will continue.

Mr. Vic Althouse (Humboldt-Lake Centre): Mr. Speaker, I should like to begin my participation in this debate on Bill C-2 by recalling some of the semantics that have been witnessed in this House. We are dealing with a concept that was introduced during the First World War as a temporary measure by the government of the day. Only a few weeks ago we finished dealing with a Bill that was initiated in 1925, 1926 and 1927, the statutory freight rates. At the time, the Bills which introduced these measures were described as having effect into perpetuity. It is strange how something that was to last into perpetuity died before the temporary legislation that was passed 12 or 13 years earlier.

Some 120 changes are proposed in this Bill. The law is already extremely complex and will become more so as a result of these changes. It has been the stated intention of the Government for many years that the tax law should provide equity and justice for taxpayers, yet very little progress has been made in that direction. For instance, the situation today is not very different from what it was immediately following World War II. The top 20 per cent of income earners in this country today control about 40 per cent of the assets of Canada, and that was approximately the position following World War II. The bottom 20 per cent of the population now has the use of about 4 per cent of Canada's assets, which is a slight decline from what was available to them following World War II.

In 1981, the last year for which accurate statistics were available, this so-called equitable system did not elicit the same amount of tax because 239 Canadians with incomes in excess of $250,000 paid no income tax in that year. At the same time, 8,031 Canadians with incomes in excess of $50,000 per annum paid no income tax. This happened in spite of the ideas expressed from the Speech from the Throne in 1980. That Throne Speech said that Canadians would accept sacrifices to meet the economic challenges of the 1980s but that they would not accept injustice; that Canadians have always faced up to difficult decisions and, if necessary, would do so in the future, but only if the burden were shared equitably. Where does the equity lie when 8,000 or 9,000 income earners pay absolutely no income tax? Where is the justice in that and where is the equity?

The income tax system is supposedly based on a progressive tax structure, funding the Government through the principle of ability to pay—the proportional change in income tax paid increases as income increases. The amount of tax levied against these people does not always follow that rule, however. In the Income Tax Act there are in excess of 100 tax preferences that can only be called subsidies to those particular taxpayers. For every change, incentive, deduction or write-off in the tax system, a subsidy is, in effect, paid. Before we grant some of these subsidies, I do not believe that parliamentarians often enough ask the question, "What do these so-called