

*Income Tax Act (No. 2)*

bill comprised a retrogressive step; that rather than seeing to it that the burden of taxation is shared more equitably in this country, it would be shifted more heavily to the backs of ordinary taxpayers. He pointed out—and I think it is worth stating again—that there is really no point to this bill, at least not on the basis of the justification that corporations need the money, because particularly in the past year corporate profits have been out of sight. In the first three months of this year, Mr. Chairman, profits were 53 per cent higher than in the first three months of last year. He also indicated that it was the ordinary taxpayer who got hosing, whereas the corporations, as the years went by, paid less and less in taxes. He pointed out that this situation not only existed at the federal level but at the provincial level as well.

I might add this very simple fact to all the points he made. All the proposals already accepted by this House and put forward by the Minister of Finance to reduce the taxes of individual taxpayers in this country will be negated if this bill is passed, because the share of the burden carried by ordinary taxpayers will go up and the share carried by the corporate taxpayer will go down. I ask hon. members to refer to the supplementary information that the minister produced at the time of the budget for verification of the point I am making. Certainly, many good points were made by the leader of my party, the hon. member for York South, and again this afternoon by the hon. member for Waterloo-Cambridge. I will not repeat them but will simply add one or two considerations.

● (1710)

Our main argument against this bill is that it is socially unjust. But we can carry that argument to the very ground occupied by the Minister of Finance. He claims that the bill is designed to increase manufacturing activity in this country, and he says this even though we have no way of fitting this particular policy into an industrial strategy for the country because we do not know of an industrial strategy for this country. So how can anyone make a proper judgment and say, "Yes, it would be better for us all if you were to increase manufacturing activity in the country rather than the exploitation, processing, refining and fabricating of our resources or other kinds of economic activity"?

Let us face it, Mr. Chairman, manufacturing is not the only economic activity in which Canadians are involved. I will not go through the list, but I can say that many hon. members in this House represent areas in which there is very little manufacturing but an awful lot of economic activity. The hon. member for Saskatoon-Biggar, for example, represents a riding in which there is an extremely important economic activity—farming. That is not manufacturing. So we must ask the Minister of Finance, into what industrial strategy is he fitting this particular policy which for its justification depends on the theory that we must increase manufacturing activity at all costs?

We are told that that policy somehow or other is tied in with the reduction of unemployment. Time and again, particularly during the past few years, we have seen examples of corporations, of manufacturing enterprises being handed capital on a platter and using it not to increase employment but to do the kind of thing that capital does. And what does capital want to do? It wants to

buy capital goods, machinery, and not increase jobs. All this bill will do is hand certain enterprises more capital. If I were the director of an enterprise and was told tomorrow, "You will have more capital to play around with," I would behave as the director of an enterprise has to behave, increase the productivity of my enterprise.

I would do this, of course, by increasing the enterprise's mechanization and automation. I would not seek to increase the labour content. After all, we must realize that the sayings of the Boy Scouts do not run this world. Although we would like it to be so, it is not. We must all act according to the function we are given. The board of directors of an enterprise want to see the growth of the enterprise and an increased profitability of the enterprise, and not the hiring of people. They are not concerned with the creation of well-being for the country, but with the growth of the enterprise and its profitability. So if we want to give them more capital, they will use it for the purpose of capital and not necessarily for the purpose of creating employment.

There is another aspect of this particular policy on which I wish to comment. The theory put forward by the Minister of Finance has a presupposition to it which is simply that the increase of manufacturing activity in this country is a good thing. That is the underlying presupposition which I have heard few hon. members of this House question, let alone challenge. Let me say this to the minister. Through this policy he is telling Canadians to try to beat the Americans at a game at which they are already being beaten by the Taiwanese, the Japanese, the West Germans, and so on. I suggest that it may be a totally false approach for this country to put the main impetus, the main thrust of its economic thinking into the development of manufacturing. That may be totally the wrong direction in which we should go.

What other ways are there? Of course, all of us have been told ever since we were at school, at various political meetings and by various politicians, that the wealth of this country is in the minds and hands of the people of this country and in our natural resources. Surely the latter is our trump card. We cannot have the arrogance to believe that we are somehow innately better than the Taiwanese, the Americans or the Finns. We should have the wit to realize that we are sitting on a very generous endowment, our natural resources. And in this competitive world, this is our trump card, a card which many other nations simply do not have.

Our industrial strategy should be concentrated on the resource sector, a resource sector which is owned and operated by Canadians, for Canadians. We should be developing not only the exploitation of our resources but their processing in Canadian hands. We should be concentrating on the refining of our resources and the fabricating to the nth degree of those resources which we hold in our hands.

I was fortunate enough this past winter to be sent as a delegate to the Interparliamentary Union conference which was held in a small country in Europe, Finland. Of course, I attended the conference assiduously but could not help learning a certain amount about Finland. It struck me, as I talked to the various parliamentarians in that country who entertain very opposite views on certain

[Mr. Harney.]