There is another way of stimulating the economy, creating jobs and reducing economic uncertainty. You can do that, as well, by offering tax reductions to the corporate sector and to Canadians with higher incomes. I find myself very often differing with the hon. member for Edmonton West, so it is a pleasure for me to be able to agree with him and repeat the point he made. Corporate tax reductions will have an important effect. They will give confidence to the business community and increase the profitability of business. They will encourage businessmen, since those businessmen will be possessed of extra liquidity, to make additional investments.

I cannot understand why the NDP has what the hon. member for Edmonton West calls this blind spot. Why does that party not concede what is so obvious to anybody who thinks of these matters? Why does it not concede that a corporate tax reduction will bring a stimulating effect to the economy? The reductions will make the economy move more quickly; they will be instrumental in creating jobs for the very people that party is concerned about and on whose behalf it has advanced the amendment. How can one argue that we will eliminate poverty by giving people a $40 tax rebate? I should like to make one other point which perhaps is relevant to the proposed tax reform package put forward by the government. Corporations are not separate entities; corporations are a conduit. The NDP does not realize that these corporations represent stockholders. The profits they earn belong to Canadians—

• (4:50 p.m.)

Some hon. Members: Oh!

Mr. Kaplan: And United States citizens as well. But the tax reduction accorded to individuals is related to the reduction accorded to corporations. I mention this because it is entirely possible for an individual who runs a business or owns part of a business, and who receives a salary, to arrange the stream of income between himself and his corporation in such a way as to minimize the effects of taxation. If you reduce the tax on corporate income without reducing the tax on individual income, or vice versa, you will find individuals responding by making an individual or corporate decision to alter the flow of income. The aim of tax policy is to establish a greater degree of neutrality between the income which goes to an individual and the income which goes to a corporation. It is necessary to make the system work, and to do so there has to be a comparability of taxation as between individual incomes and corporate incomes.

If members of the NDP would think about it, it would be obvious to them that it would defeat the purpose they themselves have in mind if reductions accorded in individual taxes were exaggerated in relation to those accorded to corporations.

These are some of the reasons why I cannot support the NDP amendment or the arguments upon which the amendment is based.

Mr. Nystrom: First, I wish to correct a false impression given by the hon. member for Don Valley. He suggested our party thought we could cure poverty by reducing taxes by $40 a year. This is far from the truth. He knows we cannot seek to amend this bill except in a limited way. We cannot go beyond the sum of $160 million or so mentioned in these provisions. We are seeking to redistribute this sum so that people in the lower and middle income brackets may receive the benefit of tax reductions, not just the wealthy.

It has been said that maybe this amendment reflects our philosophy on taxation. It does. Our guiding principle with respect to taxation is equity. This is one thing we are trying to achieve. The bill before us is not based on equity, but on the exact opposite. The hon. member for Don Valley told us that a person in receipt of a low income would spend the money. Certainly. But under this bill the man with an income of $4,000 would benefit by a tax reduction of $1.09. He really could not go out and better himself and his family on $1.09.

I was not surprised to hear the spokesmen for the Conservative party, including the hon. member for Edmonton West and the hon. member for Halifax-East Hants, say that we in this corner were pursuing a policy of financial irresponsibility. What is so irresponsible about trying to institute a tax system based on equity? If this is irresponsibility, it is the type of philosophy I like. It is the people in the lower income brackets who need money and who spend it. These are the people we should be concerned about.

The financial critic for the Conservative party and others across the way are concerned about tax cuts for the corporations. How many more hand-outs do they wish to give to these people? In the last ten years, gas and oil companies have paid tax on only 5.7 per cent of their profits. How much more generosity do these people need? Why does not the average worker or farmer enjoy this kind of concession? All we are asking for is equity, and this is something which the Conservative party and the Liberal party do not wish to give to the ordinary person in Canada.

Mr. Kaplan: Is the hon. member aware that the gas and oil industry have never taken their profits out of the business? They have left them in and they have continued to invest more money, more than has ever been earned. Does he recognize that this incentive to continue investment in Canada is partly a result of the tax system? And who benefits from this economic stimulation? Who benefits from the increased number of jobs being offered in Canada?

Mr. Nystrom: The hon. member is 100 per cent correct when he says the tax system is partly responsible for the investment made by the gas and oil companies. But I suggest he should read the speech which was made here a while ago in this chamber by his hon. friend from Duvernay before he talks about tax incentives given to the mining and oil companies. Most of these companies are owned by multi-national corporations with head offices in the United States and elsewhere. Over 98 per cent of them are owned outside this country.

The Deputy Chairman: It being five o'clock it is my duty to leave the chair in order that the House may proceed to the consideration of private members' business pursuant to Standing Order 15.

Progress reported.