

ment. It is my understanding that there has been a tightening of world markets and the demand for many of our minerals has been declining. There have been lay-offs in the nickel industry, the iron industry and industries of that kind. Under these circumstances of low world demand, would the minister explain how a tax cut to these industries will stimulate the economy?

• (2050)

I do not know whether the minister is thinking of the answer he wishes to give me or whether he does not want to answer the question. However, I would appreciate a comment from the minister.

Mr. Mahoney: Mr. Chairman, I find it difficult to answer a question as to how a tax cut for any particular industry stimulates the economy. It seems evident to me that tax cuts involve an increase in the net pay-off for the entrepreneur and make it much more desirable for the entrepreneur to carry on business. I do not think it greatly matters what is his particular line of work.

Mr. Saltsman: Mr. Chairman, that is the point I was trying to make. It seems there is no need at the moment, certainly in some of the resource industries, to provide any stimulation because the market for the resources does not exist. What would be the point of providing stimulus to the pulp and paper industry when it is in a very tight market, or the nickel industry which is laying off people? In what way does a tax cut stimulate the economy and provide the employment that all of us are interested in providing?

The Minister of Labour has repeatedly said, and I am sure the Prime Minister has also said it on occasion, that the government are very concerned about the high level of unemployment. They want to see this situation corrected. We in this House are being asked to vote on a measure that will spend \$125 million of the taxpayers' funds. We are not given any sort of indication that this kind of expenditure is justified. We are interested in providing opportunities for fuller employment. We on this side want to be convinced that the measures before us will in fact accomplish that purpose. We want a much better explanation than we have been able to obtain from the minister. I hope the minister will rise and be more persuasive than he has so far.

Mr. Mahoney: Mr. Chairman, the hon. member is indeed fortunate in being asked to vote on this particular measure at a time when the economic indicators demonstrate that the economy is performing well. Unemployment is falling; employment increased by over 200,000 jobs over the past year. In spite of his preoccupation and my concern over the 600,000 people in Canada who are unemployed, I am not the least bit unhappy about the 8¼ million who are working.

The hon. member can take great comfort from the performance of the economy over the past several months, and being asked to vote on a measure that has been in effect for eight months as a result of the budgetary statement of last October, when the economic performance bears out the wisdom of this measure in combination with others the government has adopted.

Income Tax Act

Mr. Saltsman: Mr. Chairman, of course I cannot ask you to judge on how well our questions are being answered. Let me say they are not being answered in the least. The government is asking parliament to approve vast expenditures on programs which look like nothing more than a profit maintenance system for industries in Canada, some of which may need it but most of which do not. It is not being selective. It is an election year, so you must not be selective. After all, everybody has a vote so everybody participates in the boondock.

Let us consider the benefits that have been provided under this legislation to the ordinary taxpayer. We see a very nice juggling act. There is always an equation in a tax proposition. To the extent that one group pays less tax, other groups have to pay more. To the extent that this \$125 million is being given away without any indication that it will provide jobs, the taxpayers in Canada who are not in industry have to pay for it. The money that is given to them under one provision is being entirely nullified under the other provision. In this bill we have a great sleight of hand, this juxtaposition of one thing to the other.

For a long time there has been evidence that tax concessions to industry do not stimulate the economy. I would like to refer to a very important speech made by the hon. member for Duvernay. I see the members of his party laughing at him. They did not laugh when they were falling over themselves trying to encourage him to be a candidate for their party. They laugh now because he had the courage to disagree with the trained seals in his party who are prepared to watch unemployment in Canada rise without saying a thing. He at least had the courage to dissent. He has now become an object of derision to his colleagues.

The hon. member for Duvernay has had wide experience in industry. He is a former president of the Montreal stock exchange. He is not the only one who has stated that tax concessions to industry do not stimulate the economy. The basis on which industry expands, and perhaps the only basis on which it expands intelligently, is consumer demand. If there is demand for a product and industry can produce the product at a profit, it requires no more stimulation than that. You can stimulate industry all you like, but if a consumer does not have any money to purchase a product, no expansion will take place. If the world market for metals is down, talking all taxes away from the mining industry will not encourage it to produce because there is no market for its goods.

We in this House are being asked to vote a vast sum of money to make it easier for the Liberal party to prove they are the friend of business in an election year. We are not prepared to be so generous to the Liberal party. At the beginning of the discussion of this clause we asked a number of questions in the hope that the Minister of State would give us an intelligent explanation and logical reason as to how the expenditures under clause 2 will result in additional employment in Canada. All we got from the minister was pious hope and vague suggestions that the government's program is enormously successful, although it is very difficult to sort out whether it is because of this measure, another measure or something else. Surely it is an abominable thing to come to the House