

Income Tax Act

Mr. Gordon: I hope the Leader of the Opposition has an excellent lunch, and I hope the Governor General has a nice time too. Now I want to get back to the budget and the other economic policies that the government has sought to introduce. I would remind hon. members that the Liberal party was elected on a progressive platform, and that this has been a great week for the government, the Liberal party, and for Canada.

I would remind hon. gentlemen opposite of some of the measures that have been brought to fruition within this last week. We were pleased and proud to be able to announce today that the municipal development and loan fund has now been approved by all the provinces, that it is now in operation, and that the money provided by parliament is now available to municipalities throughout the country to provide more jobs this winter.

I would remind the right hon. gentleman who is now having his lunch that we were delighted a week ago to be able to announce the automobile policy which some of us on this side have advocated for quite some time, and which we believe will not only be a move in the direction of correcting the very serious imbalance in our balance of payments but in addition, and of even more importance, will provide thousands of new jobs for the people of our country.

Some of the main budget proposals that are incorporated in Bill C-95 have been approved in principle by a large majority of the House of Commons. As I remember it, the vote was 126 to 78 on second reading.

Mr. Knowles: There was no vote on second reading.

Mr. Gordon: Well, on the amendment. If I remember correctly, on second reading nobody voted against it.

Mr. Churchill: It was "on division".

An hon. Member: You were afraid to vote against it.

Mr. Churchill: On a point of order, Mr. Chairman, the minister has made an error.

Mr. Pickersgill: Nobody voted against it.

Mr. Churchill: It was "on division", which indicated there was not unanimous consent.

Mr. Pearson: Why didn't you call for a vote?

Mr. Gordon: Mr. Chairman, I did not mean to get into a childish wrangle as to who said what at what time. The fact is that the bill has been approved in principle.

I would remind hon. members of what this bill seeks to do. It seeks to plug some flagrant loopholes in the Income Tax Act. It provides

very important incentives designed to increase employment and production in those areas of the country that have suffered from slower growth. I did not find that there was much support for the hon. member for Digby-Annapolis-Kings when he suggested this provision did not apply to his part of the country. I think most people from the Atlantic provinces feel that industry should be encouraged to locate in those areas. Certainly I believe so.

Third, this bill provides for certain changes in the withholding taxes on interest and dividends that are designed to make it easier for Canadians to borrow in the United States at lower rates of interest than would otherwise be possible, and at the same time to encourage those with substantial investments in this country to take steps over a period of years that would gradually make it possible for Canadians to be included in their enterprises. These are policies that we on this side of the house are very pleased about, and I for one am proud to have brought in a budget which incorporates them.

Having said that, I hope we can get back to clause 1 of this bill.

Mr. Skoreyko: I started to make my remarks last evening, Mr. Chairman, and I promised the minister then that I would only take a minute. I intend to pursue my argument later during the clause by clause study of the bill. I am very concerned with the section to which the Leader of the Opposition made reference a moment ago, clause 71 (a).

In recent days a matter has been brought to my attention, and I should like to place it before the minister. It is apparent that a group of businessmen have formed a company for the purpose of manufacturing boilers in Brantford. They were told by their advisers that they should immediately consult with the tax department to determine whether used machinery could be purchased for the production of these boilers, and if this were done whether the firm would qualify for this special assistance. They were told, sir, that 95 per cent of the equipment had to be new.

I know that the minister is closely connected with business. He is a business consultant.

Mr. Gordon: I rise on a question of privilege, Mr. Chairman. I should like to point out to the hon. member that I am not a business consultant; that I have no business connections. I severed all my connections when I took this post.

Mr. Skoreyko: I apologize, Mr. Chairman. I only made that reference because I knew the minister had previous experience in the business world. I am just wondering if the