

The Canadian Economy

Mr. Stanfield: There is also no question in my mind that if the Minister of Finance had been prepared to announce a reduction in corporate taxes without such a short terminal date, the effect on incentives might have been substantial.

Mr. Benson: The hon. member should look at Bill C-259.

Mr. Stanfield: All right. The 7 per cent reduction, Sir, is to be effective until December 31, 1972.

Mr. Benson: The hon. member should look at Bill C-259.

Mr. Stanfield: I will look at Bill C-259.

An hon. Member: Explain it to him, Mr. Benson.

Mr. Dinsdale: The minister could not explain anything.

Mr. Stanfield: I ask the Minister of Finance this question: What effect will the short-term corporate tax reduction have upon employment and investment?

Mr. Benson: There is a long-term effect as set out in Bill C-259.

Mr. Stanfield: In Bill C-259?

Mr. Benson: That is right.

Mr. Stanfield: The minister is suggesting that there is to be a reduction of four points over a period of several years. If he is here, those changes will be made. I doubt if anybody in this country is confident that the minister will be here and that he will be able to do that.

Some hon. Members: Hear, hear!

Mr. Stanfield: I say to the Minister of Finance, through you, Mr. Speaker, that the long-term reduction in corporate income taxes may very well have a substantial effect on incentives and investments, and therefore on unemployment. Therefore, I challenge the Minister of Finance or anybody on his side of the House to explain to us on this side in what way and to what extent this 7 per cent reduction in corporate taxes up the period ending December 31, 1972, will affect employment in this country. This reduction may well provide more money—

An hon. Member: Explain that.

Some hon. Members: Oh, oh!

Mr. Stanfield: I will explain it and make it simple for you.

Some hon. Members: Hear, hear!

Mr. Hees: You had better make it simple.

Mr. Stanfield: It will be simple enough for my hon. friend from New Westminster (Mr. Hogarth) to understand.

Mr. Hees: They never understand.

Mr. Dinsdale: Make it very simple.

An hon. Member: Draw them a picture.

Mr. Stanfield: Mr. Speaker, a corporate income tax reduction for that limited period of time will make more money available for increased dividends. It will also make more money available for investment, without question. I want the Minister of Finance to tell the country how many new jobs this will create over that limited period of time, Mr. Speaker.

Some hon. Members: Hear, hear!

An hon. Member: Explain.

Mr. Stanfield: I will explain to my hon. friends what I should like to do.

Some hon. Members: Explain.

Mr. Stanfield: Hon. members over there seem to be getting a little excited. Once the fact is pointed out to them, most of them are capable of seeing how dumbheaded their own Minister of Finance is.

Some hon. Members: Hear, hear!

Mr. Hees: Perhaps they are getting a little embarrassed.

Mr. Stanfield: The 3 per cent reduction in personal income tax is fine. That will be helpful, without question. But, Sir, why was it not possible in June? It was inflationary in June, even though inflation allegedly had been licked. The reduction was inflationary in June. But how much more effective it would have been in June! If instead of having a simple 3 per cent reduction in personal income taxes now, there had been a 6 per cent, 7 per cent or 8 per cent reduction in personal income taxes at that time, would the psychological effect not have been that much greater? Would that not have been better, rather than bringing forward these dribs and drabs, 3 per cent in June and 3 per cent later? Much of the reduction has been thrown away in terms of psychological impact upon the income earners of this country.

Mr. Baldwin: The government was following Liberal dogma.

An hon. Member: Throw your own psychology away.

Mr. Stanfield: Sir, think of the delays. Think of the cost to this country which has arisen as a consequence of the misjudgment, poor forecasting and mistakes which have been made by this government and the Minister of Finance in recent months.

Some hon. Members: Hear, hear!

Mr. Hees: That is shocking.

Mr. Stanfield: The minister is now accepting arguments we put forward as long ago as January and even further back. Think of the enormous cost to the people of this country and to the country itself as a result of that delay. There is also a big cost to the treasury. I say to the Minister of Finance that his 7 per cent corporate tax reduction for that limited period of time is not the effective tax reduction that he ought to be proposing at this time. If he is prepared to extend it further, that would be different. But for the limited period of time it will not be effective.