

has been an underutilization of certain types of service, and certain commodities, but this tax cut will not provide that meaningful shot in the arm for Canadian industry.

Let us look at the taxpayer and his personal income. Certainly, he buys Canadian services and to the extent that he increases his purchase of imports, we bring in more imports. How much does that stimulate the Canadian economy? How does that necessarily cure the economic recession in the United States from which we get two-thirds of our imports? How does that help them? Our imports represent a small portion of their total economy, but they buy two-thirds of our exports; they gain. Our exports do not represent two-thirds of their requirements. They loom large for us, but, mean very little to them.

The total effect of this personal income tax cut is a very small shot in the arm but everybody will welcome it. The provinces are not going to be affected by it because the then minister of finance indicated that the federal treasury would absorb it entirely. I would refer hon. members to page 8690 of last year's *Hansard*.

I believe, Mr. Speaker, this proposal of a cut of 3 per cent of the tax payable again points up the difficulties of having an income tax system set up on the basis of an across the board personal exemption. I think the Minister of Finance would have preferred to give tax relief to lower income groups since they represent the greater number of taxpayers in Canada. To the old age pensioner, to the person who makes insufficient money to pay income tax, and there are many, this tax cut is meaningless. Unfortunately, however, the old age pensioner and the low wage earner are caught by inflation in the same way that the person earning \$25,000, \$35,000 or \$15,000 a year is caught. The increase in the price of food, the increase in the level of rents, of laundry, of this and that, applies just as much to the old age pensioner and the low income earner to the extent that they make those purchases. Since they have to concentrate on food, shelter and clothing, they have all been hit hard by inflation.

I think it is callous and cold-hearted to say that our inflation, at 5 per cent or perhaps not 5 per cent, was lower than in any other country in the western world. What does that mean as far as the Canadian taxpayer is concerned? What comfort is it to him that, say, Holland, has 8 per cent inflation or that it went to 10 per cent in Great Britain? The point is that the person on a low fixed income, such as many retired people, is not affected by that change in that foreign country. It is what happens right here in Canada that affects him. That 5 per cent sounds very good but with the cost of living index now in the mid-130's it means 6½ points. In other words, the 1961 dollar has depreciated by some 37½ points. The percentage depends upon whether you are at the upper or lower end of the scale; the higher the cost of living index goes the lower is the percentage and that looks good.

Information Canada can do jobs for Statistics Canada. I wish Statistics Canada would "level" with the people. Instead of using percentage points to indicate the cost of living, it refers to just so many points. One time you see an apple being juggled and the next time you see an orange being juggled by whoever wants to play with them when dealing with percentages as they relate to the cost of living. It would have been far preferable to have had a tax

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credit system. The whole system could have been much more flexible and tax cuts could have been made where they would have been more meaningful in giving tax relief.

• (1610)

Let me turn to the corporate tax credit. Frankly, anyone who is incorporated, whether he is a small plasterer, paperhanger, painter, truckdriver or cement finisher, is involved in corporate income tax. It is not the big companies exclusively that are affected, but anyone with the letters "Ltd." after the name of his business. There will be a 7 per cent cut on the 1972 income tax payable. I do not think that is sufficient to be meaningful.

I do not think an 18 month tax cut for incorporated businesses is a sufficient stimulus for them to enter into long-range programs. For many people, it effectively provides walking-around money. It is a small measure, not sufficient to provide the necessary initiative or incentive to enter into an expansionary program. Why should it be? The government talks about how many millions of dollars it is going to cost, but it will only last 18 months. In many instances, programs must be of a longer term.

After January 1, 1973, corporations will again be in business at the old tax levels. I think it is absolutely fool-hardy to ask any business to enter into a program of activity. Should they purchase additional inventory, instal new machinery which will have to be paid for over a longer period of time or expand their premises, something which will also have to be paid for over a longer period of time? Should they hire new workers when they will have to fire them in 1973? As I said, on January 1, 1973 we will be back at the pre-cut tax levels. What happens? Perhaps, we will be exhorted to get down on our knees and pray for some miracle to happen, always hoping that we will get over the election. You can bet your bottom dollar we will have an election before January 1, 1973. This is a clear indicator that we will have an election before January 1, 1973. After January 1, we go back to the upper levels of tax.

As I said before, it is anticlimatic to discuss these proposals. This tax cut by the government is not sufficient to promote a really meaningful stimulus. After all, if one looks at the experience in Great Britain in the past two years, he would see they have injected two modest taxcuts into the economy, but they have not had the necessary effect. This week we read that the Chancellor of the Exchequer is likely to introduce some very extensive tax cuts. It may be a question of judgment, but the British Government is the best judge. I am not going to judge and I am not going to put the question. Perhaps it would have been better if they had brought in massive tax cuts at the beginning to get the economy going. At the moment, the treasury has been bled and nothing of consequence has been done. One has to go back on these matters. The effort has to be redoubled every time, even though nothing has been gained. I do not think that is the way one has to work to expand an economy.

As far as we in the official opposition are concerned, we are not going to oppose these measures. They are fine as far as they go. I think they were a humiliating admission, in the light of all those things that had been done in the