If I want fire brick in a fireplace it is not subject to drawback but if I want to make a coke oven, it is. Is there any reason for this? We have been discussing the question of tile made in Canada. Are we not in a position to produce fire brick for coke ovens in Canada?

Mr. Mahoney: Mr. Chairman, the item here is brick for coke ovens which is of course for use basically in a manufacturing process. So, consistent with the policy under the Tariff Act, where a product is used for manufacturing purposes or processing the tariff is minimized.

Just slightly out of order, Mr. Speaker, but in regard to an earlier question that the hon. member asked about the United States tariff rates on logging equipment, I might say that the current range of United States tariff on importation of logging and sawmill machinery is 6 per cent to 9 per cent and under the implementation of the Kennedy Round on January 1, it will be reduced to a range of 5 per cent to 7 per cent.

The Deputy Chairman: Shall clause 2 carry?

Clause 2 agreed to.

Clauses 3 and 4 agreed to.

Schedules A, B and C agreed to.

Title agreed to.

Bill reported.

• (4:30 p.m.)

The Acting Speaker (Mr. Laniel): When shall the said bill be read the third time?

An hon. Member: By leave, now.

Hon. C. M. Drury (for Minister of Finance) moved that Bill C-261, to amend the customs tariff be read the third time and do pass.

Mr. Arnold Peters (Timiskaming): Mr. Speaker, I wish to convey my appreciation to the hon. member for Calgary South (Mr. Mahoney) for his participation in the debate on this bill. I wish to speak about certain changes that take place from time to time in the customs tariff. These changes are negotiated with other countries and when they are brought before Parliament they are fait accompli; there is no opportunity to change them. Under our present method of operating, changes to those agreements would involve changes to Ways and Means resolutions. It seems to me that hon. members should be in a better position, in cases where these negotiations have taken place, to bring about changes that, in their opinion, are advantageous or desirable in certain fields.

When on former occasions I have suggested that some items ought to be exempt, those exemptions were not granted. Several years later exactly the same kind of exemption as I suggested has been granted, often for the very same kind of product I had in mind. When I made my suggestion, there was no way of implementing it. The difficulty regarding our representations stems from the fact that we are remote from negotiations in which Canada discusses tariff changes say, under GATT, or the most favoured nation tariff. It seems to me that we need to learn something of what goes on in these discussions. At present, we must accept the entire change, or reject it. It is a case of all or nothing, and this leads to frustration. However, I wish to congratulate the parliamentary secretary and the officials assisting him for the splendid job that was done in answering questions that I and other hon. members asked.

Motion agreed to and bill read the third time and passed.

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INCOME TAX LAW AMENDMENT ACT, 1971

Hon. C. M. Drury (for the Minister of Finance) moved that Bill C-275, to amend the statute relating to income tax, be read the second time and referred to the committee of the whole.

Mr. P. M. Mahoney (Parliamentary Secretary to Minister of Finance): Mr. Speaker, the purpose of this bill is to implement the following measures announced by the Minister of Finance (Mr. Benson) in his statement to the House of Commons on October 14, 1971: the 7 per cent reduction in corporate income tax; the 3 per cent reduction in individual income tax; and the training on the job program.

The 7 per cent corporate tax reduction and the 3 per cent individual tax reduction will be in effect for the 18 months from July 1, 1971, to December 31, 1972. The training on the job program applies to salaries and wages earned on or after November 1, 1971. The 7 per cent corporate tax reduction has been designed to give Canadian firms greater flexibility in responding to the special difficulties that have confronted them in recent months, and to give them confidence to create sustained growth and job opportunities. It should also aid our corporations in remaining competitive in both domestic and international markets.

The 3 per cent individual tax reduction will also provide an important stimulus to the private sector for sustaining and encouraging increased demand for goods and services. The training on the job program will provide an opportunity for many of our unemployed to acquire more solid skills. That should enable them to take advantage of new employment opportunities. The program should also be of great assistance to employers in preparing for future economic expansion.

The information which has come to hand since the statement that was made in the House on October 14 confirms the growing strength of the Canadian economy. In four consecutive quarters the real value of goods and services produced by Canadians has increased at an annual rate of at least 6 per cent. This rate is substantially in excess of that applying to our long term trend.

The tax reductions proposed in this bill will make an important contribution to this forward thrust of the economy, and that announcement no doubt has already tended to benefit the economy. Their enactment will ensure that the full effect of the tax reductions will be realized in due course, and will result in higher demand, a higher level of investment and a higher level of employment.

The estimated cost of the programs for 1971-1972 is as follows. The cost with regard to the 7 per cent corporate reductions will be, according to estimates, $160 million, of