

that this increase in personal income tax will take an important amount of money out of the pockets of the Canadian buying public from January 1, 1973 onward. Sales and production will be slowed down by the amount of purchasing power taken out of circulation, and this knowledge is at present slowing down plans for expansion by all businesses because these companies know they will all be adversely affected by this brake on purchasing power.

• (1510)

What is needed to get the economy going is a shot in the arm right now, not sometime six months hence, eight months, 10 months or a year. We are facing very serious unemployment today and the economy of this country has been moving very sluggishly for at least three years. The kind of government actions needed to bring about such a shot in the arm right now to get the economy moving again are the following. First of all, the government should make the reduction in corporate income tax for manufacturers and processors effective on July 1 next instead of waiting until July 1, 1973, so that important segment of the economy will be encouraged to expand its operations now, not six months, nine months or a year from now.

**Mr. Pepin:** We need time to plan and put it into effect.

**Mr. Hees:** The Minister of Industry, Trade and Commerce (Mr. Pepin) queries that statement. This government has introduced, on the average, two budgets a year for the past three years. It has brought in these budgets because each budget was supposed to stimulate the economy and get it moving, but a couple of months following the presentation of each budget it was found they were not able to do the job. The government had to start all over and bring in another budget to stimulate the economy. A couple of months later it was found that the measures introduced did not do any better, and so there were tax changes galore. This government never knows where it is going and it desperately grabs at anything on which it can get its hands. It changes taxes in every way it can, and the manufacturers and processors of this country have no way of knowing whether in two or three months time the government will find that this move is unproductive and change the whole tax structure again, so what they are planning on now will simply not come into effect. That is why these tax reductions should have been made available on July 1 next, not on January 1, 1973.

The second thing the government should do is announce that corporation income taxes for all businesses, other than manufacturing and processing, will not be restored to their former level on January 1, 1973. As I have said, at that time those taxes will increase by a little more than 5 per cent.

The third thing the government should do is announce immediately that personal income taxes will not be restored to their former level on January 1, 1973, but will be reduced by a further 5 per cent on July 1 next. Such a move is very much needed now to put the additional purchasing power needed today into the hands of the Canadian buying public so it can increase purchases, which in turn will increase production, get the economy

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moving and create the jobs so very badly needed in this country today. That increase in personal income tax will take a very severe bite out of the purchasing power of the Canadian people and will materially slow down the orders factories receive from stores where customers place their orders. When this comes into effect, it will have a very serious impact on our economy.

The fourth thing this government should do is introduce a massive export drive to greatly increase sales of Canadian products in the markets of the world where sales have been decreasing.

**Mr. Pepin:** You are asking us to do things we have already done.

**Mr. Hees:** The minister interjects by saying he is doing this. As a former minister of this department I have followed his moves very carefully, indeed. If he knew how dejected the members of his department are, from the top to the bottom, about the inadequacy of the juvenile approach he is taking to this whole matter as compared to what they know is needed he would be shocked. The effort today can only be described as very inadequate.

I have been hoping for a long time that the department would finally get into gear, that the minister would get the spirit of the thing and we would see a massive trade drive moving forward. That drive has not materialized. The minister has called some of his trade commissioners back to Canada and asked them what they thought should be done. They have told him what they think should be done, but he has not done anything. There does not seem to be any indication that the minister will do anything about this. My purpose today is to try to prod him into doing something. These men know what is needed to increase sales of Canadian products in the markets of the world. Many of them were in the department 10 years ago when exactly what I am suggesting was done. A massive trade drive took place and in one short year the 10 years of Liberal trade deficits were turned into our first trade surplus. Our sales abroad increased year after year and laid the foundation for the prosperity of the 1960's. Those men were here then and know this can be done. They know what must be done and they have asked the minister to do it.

My information is that the minister has taken these propositions to the Cabinet, and I give him credit for this, but the cabinet has turned him down as they would involve spending money. Certain of his colleagues have said they want to see the government spend money in other directions rather than in this way, or that is my information.

**Mr. Pepin:** Be specific, otherwise I cannot judge.

**Mr. Hees:** I am trying to give the minister the best of it. I am trying to picture him in the best possible light. If he does not want to be pictured in that way, I would simply say he has to take full responsibility. I think he has done his best. I am told he has gone to the Cabinet but cannot sell his ideas to his colleagues. He is a very frustrated minister. If he has not done what I am told he has done, then 100 per cent of the blame rests on his shoulders.