

*Income Tax Act*

In conclusion they say:

In today's world, neither Canada nor the United States can afford to forgo any of the advantages they have long derived from the North American common market for capital resources.

Those are the remarks I have to make on these two clauses of the bill at this time. When we get into more detailed clause by clause examination I will have something more to say in this regard, but it seems as though this is another case of where the government has jumped in before it studied the legislation thoroughly, and it is a very serious matter for investors and communities when these errors in judgment are made. They become a costly venture for those concerned.

**Mr. Gordon:** Mr. Chairman, we have covered a lot of subjects today and it is now getting close to 10.30 p.m. I think hon. members of the committee will have noticed that we are beginning to go over the same ground again, and I wonder if they would be willing at this point to pass clause 1 of the bill just to show that we have accomplished something in a long day.

[*Translation*]

**Mr. Ricard:** Mr. Chairman, I do not intend to speak very long and even if some members of the government have some more or less unkind remarks to make when we rise, I wish just the same to make a few suggestions to the Minister of Finance (Mr. Gordon).

Following representations made on both sides of the house, there is no doubt that the measure under consideration is far from perfect. I would not have any reason to speak in this way if the objections raised or the loopholes mentioned came only from this side of the house, but we have heard today some members of the government criticize this measure.

It is for that reason and in order to offer two constructive suggestions, that I intend to make a few remarks, knowing that I will be finished before 10.30.

Mr. Chairman, I feel that we are again studying a hastily drawn up measure. In fact, I think that the provincial and municipal authorities, which are surely interested in it, should have been consulted; but as we noticed on several occasions since the beginning of this session, the present government simply prepared a bill and then told the municipal and provincial authorities concerned: Here is what we have decided, you will have to agree to it since we have reached the conclusion that it is in your interest.

Mr. Chairman, allow me to remind the house that, in the past, there was some competition between the various municipalities

[*Mr. Hales.*]

wanting to encourage industries to settle within their limits.

To do so, municipal councils were offering advantages with which other municipalities could not compete, and throughout the province, every municipality was trying to outbid the others; but this was unfavourable for some of them who could not be as generous as others to attract industries. This happened in Quebec as well as in Ontario. The provincial governments were even forced to pass legislation in order to prevent this unfair competition between the various municipalities, in the interests of all concerned.

Mr. Chairman, it seems that the small industry was not given all the necessary attention in the drafting of the bill under study. In fact, I wonder if the small industry is not needlessly taxed or placed at a disadvantage from the standpoint of competition.

However commendable it might be to urge certain industries to settle in particular areas and to wish that the Canadian people control its own industry, in short its own economy, it remains nevertheless most important that such control be not established to the detriment of those industries which are just starting their operations in this country, or those small ones which are a family affair.

Mr. Chairman, it seems to me that it would have been wise to extend certain privileges to the small industries and to family industries which, especially in the province of Quebec, are an important part of our national life. Indeed, on account of the provisions of the new legislation, small industries and family industries will often find themselves in an inferior position to compete with new industries or the markets of the province and of the country at large.

It seems to me that those industries which have played a major role in our economic expansion should have received more consideration from those who prepared the present legislation.

In my opinion, to be fair to this important area of our economy, the minister should take the time to have his officials make a more thorough examination of the situation to provide those smaller industries with all the protection they need.

I should also like to say a few words concerning income tax itself. Once again, I urge the minister to give special consideration to the exemptions granted to our factory workers. It seems to me that we would have the opportunity now to make a readjustment as well as a complete review of tax rates and exemptions as regards the low bracket workers. By refusing them the protection they are entitled to, we are cheating people of this group who have but modest resources.