

Inquiries of the Ministry

shifts from U.S.-owned subsidiaries in Canada to parent firms in the United States?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I missed part of the question, but I will look into the matter and see whether I can provide a reply.

PROTECTION OF GOVERNMENT INVESTMENTS IN UNITED STATES-OWNED SUBSIDIARIES TO PREVENT PRODUCTION SHIFTS

Mr. Les Benjamin (Regina-Lake Centre): Mr. Speaker, while the Prime Minister is looking into the matter I should like to ask the Minister of Regional Economic Expansion whether he will inform the House what steps have been taken or will be taken to protect the investments of the federal government in production plant subsidiaries owned by United States corporations in order to prevent production shifts to parent plants in the United States.

[Translation]

Hon. Jean Marchand (Minister of Regional Economic Expansion): Mr. Speaker, I think that I have stated many times in the House that American concerns had no special status in so far as my department is concerned and that they were treated simply like another industry.

[English]

Mr. Benjamin: Mr. Speaker, is it the government's intention to suspend future grants to all United States-owned corporate subsidiaries in Canada under the Industrial Research and Development Incentives Act?

Mr. Marchand (Langelier): No, Mr. Speaker.

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REGIONAL ECONOMIC EXPANSION

EFFECT OF UNITED STATES IMPORT SURTAX ON POLICIES

Mr. James A. McGrath (St. John's East): Mr. Speaker, I should like to ask the Minister of Regional Economic Expansion whether he has had an opportunity to evaluate the effects of the United States import surtax on the over-all regional economic expansion policies of the government?

[Translation]

Hon. Jean Marchand (Minister of Regional Economic Expansion): Mr. Speaker, the Department of Finance has carried out such an evaluation. It gives us a general idea of the potential impact of the surcharge on slower-growth regions.

[English]

Mr. McGrath: Mr. Speaker, does the government intend to continue the regional industrial incentive grants during its examination of the surtax and the measures it proposes adopting to counteract this tax?

[Translation]

Mr. Marchand (Langelier): Mr. Speaker, I believe that if slow-growth regions are somewhat affected by the sur-

[Mr. Benjamin.]

charge, the government would not want to increase that impact by abolishing grants.

[English]

GOVERNMENT ORDERS

INCOME TAX ACT

The House resumed, from Tuesday, September 14, consideration of the motion of Mr. Gray (for Mr. Benson) that Bill C-259, to amend the Income Tax Act and to make certain provisions and alterations in the statute law related to or consequent upon the amendments to that act, be read the second time and referred to the committee of the whole, and the amendment thereto of Mr. Lambert (Edmonton West) (p. 7763).

Mr. David Orlikow (Winnipeg North): Mr. Speaker, in my remarks last night I condemned the government's proposals in respect of tax changes and made the charge that what is proposed does not represent tax equity. To summarize, the major recommendations of the Carter commission, appointed by a Conservative government, are very far removed from the provisions of this bill. There are tremendous concessions in terms of what can be charged off against income tax as incentives, that is, business and entertainment expenses of self-employed people, compared with the picayune concessions amounting to \$150 per year permitted to the ordinary working man.

There are other anomalies in the proposals put forward by the Minister of Finance (Mr. Benson). A person who earns \$5,000 a year in wages will save only \$14 per year in income tax under the new schedule. A person earning \$7,000 per year will be paying \$78 per year more in income tax. A person who has an income of \$100,000 per year will pay \$1,000 less in income tax than under the old arrangement. Only a Liberal government and a finance minister of the kind we have could suggest that this kind of arrangement is fair.

Let me point out some of the anomalies in the proposal to illustrate its inequity. The minister proposes to increase the limit on tax exemptions in respect of moneys paid into registered retirement plans. The proposed limit will be \$4,000 per year. The deferred profit-sharing plan under a registered pension will be limited to \$2,500 per year, maximum, compared with \$1,500. I point out to hon. members that only people in the upper income bracket are in a position to invest this amount of money in such a pension plan, so the minister's proposal will not mean much in the way of tax exemption.

During my remarks on the budget I referred to what I considered to be the most inequitable proposal in the minister's proposed tax changes. I have in mind the proposal of the minister and the government to eliminate estate and gift taxes. Surely we in this country, as in most modern countries, believe in the principle that a tax system should be designed to provide greater equity in the lives of the people.

Most Canadians who compare this proposed tax system with systems which exist in South American countries