

*Income Tax Act*

possible paid job that exists, the job at the very bottom of the tax scale, how much he pays in personal income tax. It is not 9 per cent. It is 18 per cent or something of that order. The President of the Treasury Board (Mr. Drury) tells me as an aside that it is 17 per cent. The worker pays that on an income way below poverty level, an income upon which a person could not possibly keep a family. Yet the rich mining industry which has exploited and seduced this nation and successive governments for many years pays tax at a rate of 9 per cent on its profits.

The wage earner is the only person who really pays his full share of taxation—because he has no choice. He goes to get his cheque on a Thursday and the paymaster has already taken out his chunk for the federal government. He has no opportunity to make deductions from it or to retain money for depreciation. It is snatched from him and he pays the whole 17 per cent or 25 per cent or whatever rate is applicable. The mining industry pays 9 per cent.

How did this happen? It happened partly because we allowed a three-year tax-free period in respect of mining operations. After a mill gets into a certain percentage of production, I think it is 80 per cent, a mining company does not pay a single cent of tax during the next three years. Do you know what they do? Anyone halfway familiar with the mining industry knows what happens. The mining companies spend the development period, the period when it should be stripping off the overburden and getting ready for production, stacking up high-grade ore so that when they set into operation they can pump it through quickly and sell it in large volume. Why? Because that is when their profits will be highest and their taxes nil.

One cannot even ask the government to say how the company is doing. The reply is, "We don't know." They are not required to file any returns. Once the companies get through the tax-free period they begin to pour money into maintenance that they skipped in previous years. They pour the money into replacement of machines which wore out during the three-year period, they pour it into other capital ventures and activities of the mining industry, mostly machinery repairs and the like, so they can deduct these amounts in their tax returns. They deduct these sums from their income in the years following the three-year tax-free period.

There are many mining operations which get away with murder—it is not a three-year tax-free period, but a four or five or six-year tax-free period, depending on how long they can stretch it out. There was one mining industry in British Columbia which operated a mine during the war. After the war it closed down. They had just reopened it again. Do you know what the company did? It simply sank a new shaft into the old workings and now it is back with the three-year tax-free period. I forget the figures, but this is why the hon. member for Duvernay (Mr. Kierans) was able to say the other night that the tax load on the individual wage earner, the farmer and the fisherman had gone up in percentage figures and that the tax load on industry had decreased. With the blessing of the government these companies were able to cheat the average worker and farmer of this country out of millions of dollars.

[Mr. Howard (Skeena).]

**Mr. Drury:** What is happening to that situation?

**Mr. Howard (Skeena):** It is going to change. On June 18, as reported at page 6899 of *Hansard*, the Minister of Finance spoke as follows with respect to this tax-free period. First of all, he said it would be withdrawn at the end of 1973: Rake it in while you can, boys, because it will end on that date! Then he said:

In place of this incentive, assets related to a new mine will be eligible for accelerated depreciation. The cost of these assets may be written off against income from a new mine as quickly as the income will permit.

Once again, Mr. Speaker, we have exactly the same thing as the tax-free period. "As quickly as income will permit" assets will be written off. It is the same program. It will lead to high grading, cheating the average taxpayer out of millions of dollars. It is the same proposal, in other words.

Mr. Speaker, we are in great economic trouble. This tax bill was prepared by the Minister of Finance at a time when he was also very busy miscalculating the economy. He has been persistently inaccurate in his forecasts about the growth of the economy, persistently wrong in his predictions of what was going to happen to the unemployment figures. Last spring everything was going to be great, we were just round the corner. We have gone around seven or eight different corners since then, and unemployment still confronts us.

The very fact that the tax bill was presented to this House by a Minister of Finance who has proved his incompetence in dealing with the financial matters of this nation should prompt us to regard the tax proposals with suspicion. We are entitled to ask a very simple question: Is the government blind to the needs of Canadians, or does it not care about them? Does it really not see what is happening, or doesn't it give a damn? I think it is probably a combination of both; and our continuing economic subservience to foreign capital and to the United States is bound to cause us still greater difficulties. That, of course, has been the traditional characteristic of the Liberal party—not to think for itself; not to think for Canadians, certainly. Its tradition is to think of other lands and nations because, as the saying goes in the Liberal party and in the Prime Minister's lexicon of preferred conversation, "What is good for the United States is good for Canada."

• (9:50 p.m.)

If I could summarize, using the name of the Minister of Finance as an acronym, perhaps we could put the tax bill and the budget, too, for that matter—this tax legislation—in a category of being the result of bungling, the promotion of economic disaster, niggardly in its concept and reflecting a great deal of stupidity, olivaceousness and nihilism. Put those together and you have it.

**Mr. P. V. Noble (Grey-Simcoe):** Mr. Speaker, may I call it ten o'clock?

**The Acting Speaker (Mr. Laniel):** Order, please. The hon. member may call it ten o'clock only with the unanimous consent of the House.

**Some hon. Members:** Agreed.

**Some hon. Members:** No.