

Adjournment Debate

important means of cultural expression that can teach Canadians about themselves.

Without in any way limiting the access of Canadians to foreign films, we need also, and should have, films that are produced by Canadians which reflect the Canadian experience. The government finances feature film production directly through the Canadian Film Development Corporation and indirectly through the 100 per cent capital cost allowance, which encourages Canadian taxpayers to invest in Canadian films. In the 38 Canadian productions certified for 100 per cent capital allowance to date, 88 per cent of the key creative positions were filled by Canadians. Further, only individuals and corporations paying Canadian taxes can benefit from this incentive, and these people, to become eligible for the 100 per cent capital cost allowance, assume ownership and control of the film.

● (1812)

I am glad that the hon. member acknowledged the government's incentive in regard to the feature film industry and the feature film development corporation. He indicated that the government has responded in some manner; but it is unfortunate he feels that it has not been a reasonable response together with the government's movement toward a film policy.

There is no doubt that this incentive is encouraging the production of films which are financed and created by Canadians. In the area of distribution, the situation is far more serious. As the hon. member has stated, the major distribution and exhibition companies in this country are foreign-owned, and the profits they earn in Canada are not usually reinvested in ways that benefit our film industry. As the minister indicated to the hon. member at an earlier date, this is a situation which greatly concerns the government. The government is considering proposals to deal with this situation and hopes it will be in a position to make an announcement before the end of the year.

FINANCE—EFFECT ON JOBS OF TAX INCENTIVES TO CORPORATIONS

Mr. Cyril Symes (Sault Ste. Marie): Mr. Speaker, on October 25 I raised a question with the Minister of Finance (Mr. Chrétien) concerning the income tax policy and job creation in industry. I should like to deal with that matter in more detail today, because I believe the minister did not answer my question fully enough.

I referred to the example of Northern Telecom, which is a subsidiary of Bell Canada. Under the budget announced last March, and subsequently introduced by the Minister of Finance under the general framework of the \$1.2 billion in corporate tax concession to create jobs, Northern Telecom would receive approximately \$3 million. At the same time as it is receiving this benefit, it has announced that it is laying off over 1,000 workers, mainly in Ontario and Quebec. Also I should like to draw to the minister's attention that Northern Telecom is not an isolated incident.

[Mr. Daudlin.]

The Alcan Company of Canada, under the same tax provisions, will receive an \$11 million tax break. That company has announced already that it has laid off 400 workers in Newfoundland in favour of expanding an operation in Mexico. Of course the House is aware that INCO has received \$10 million in tax concessions under this provision, and it has announced laying off over 3,500 workers while it expands its operations in Indonesia and Guatemala. The Noranda Company will receive approximately \$5 million under tax concessions in the budget, and it has already laid off 400 employees, and the future of some 1,700 employees in the Gaspé region is in doubt.

The corporate tax incentives announced in the budget for the purpose of expansion in industry, thereby creating jobs, are not working. The minister had better come clean and admit this in order that \$1.2 billion will not be wasted in concessions to large corporations when they are not fulfilling the intended purpose of those concessions, namely, to create jobs.

Why should any businessman in his right mind use these incentives at this time to expand his operation when, even with these incentives, he realizes that industry in this country is working only at approximately an 80 per cent capacity? Because demand is down, business cannot sell its total potential of goods produced. Therefore any kind of incentive along this line at this time, when demand is so low, will be ineffective.

The statistics bear me out on that. Since the announcement of these concessions, in manufacturing alone we have had over 34,000 lay-offs despite the so-called incentives which were to create and produce new jobs. These particular incentives are the wrong ones at the wrong time. That kind of money could be better spent in this economy.

● (1817)

I know the minister has advanced the argument that if we did not give this \$1.2 billion to the corporations, the lay-offs could have been worse. We were not told this when the budget was first introduced. We were told that these incentives were necessary for expansion and new job creation, not to prevent the situation from getting worse. Also, it is very easy to make that kind of argument, that if we do not give these incentives, unemployment will be worse. I would like to know, if companies are claiming that, where is the guarantee on the part of the government that if it gives these kinds of tax breaks some condition must be attached to them?

If we are going to deprive the public Treasury of \$1.2 billion in corporate taxes, some conditions should be attached to that kind of tax break. The minister has said that there is no scrutiny of the various industries to see that they are fulfilling the requirements or the promises that the minister announced in his budget.

The largest 1,000 corporations in this country have had more tax concessions than any other sector in our economy. I think immediately of the fact that they have been able to defer paying \$9 billion in corporate income tax. That is like a \$9 billion interest free loan. That, and the recent announcements in the budget, are the wrong kinds of programs in terms of