

*Income Tax Act*

of permitting 'non-qualifying' corporations and individuals to write-off expenditures in the oil and gas business against their ordinary income has been recognized in the tax legislation—

That is one thing they go along with.

—but we strongly urge your government to reconsider the limited write-offs, namely 20 per cent declining balance per annum, which are provided in the legislation and to allow Canadian individuals and corporations to write-off such expenditures immediately against income. We continue to believe that the inordinate risks of the oil and gas exploration business require immediate write-offs to attract the very large amount of capital required in the years to come. We do believe Canadian investment should be encouraged, and we are concerned that such investments will not be attractive to Canadians unless such write-offs are provided.

In the oil and gas industry, or in any of these industries, large pools of risk capital are required. To encourage people, to motivate them to put money in those resource industries, you have to make the investment attractive by allowing a fairly high return, because without a high return investors will not take a chance in a big risk venture. Otherwise, they would be better advised to buy bonds at 8 per cent or 9 per cent. That is why it is said that Canadians have the biggest savings accounts pro rata of any nation in the world. It may be that we should have legislation of the kind which would encourage people to take a risk, and when they take that risk they should get a return commensurate with it. That is the most important part. When we are competing, particularly with the United States because we live beside them, our depletion laws should be on all fours with those of the U.S. so that our corporations, in their development and exploration, are on an equal footing. My friend to the left of me will find that if we have an equal opportunity we will be able to have an equally low rate of unemployment.

• (3:50 p.m.)

The rate of unemployment in the U.S. is lower than in Canada and we will only achieve equality, at least with the U.S., with all the resources we have, by this method. In fact, we should be doing better. We should not have a 7 per cent unemployment rate when they have 5 per cent unemployment, in a country with resources that have not been touched. We are only going to achieve that if we encourage the investment of risk capital and if we have laws that are at least competitive with those of our competitors. Exploration is rather like the automobile business, although that business does not involve high risk. Those corporations that are exploring for gas and oil in Canada are also doing so in other areas, even in communist nations. When I was in Yugoslavia this summer I found American companies doing business there. How did this come about? The state makes a tax contract with, say, Shell Oil or Standard New Jersey under which the state puts up 50 per cent of the money and the company puts up 50 per cent. They have guarantees over a period of time which give those countries full employment. If the communists can do it, surely we can do it here in Canada.

This brings me to the matter of Canadian ownership. We will only achieve ownership of our resources or of any other industry when we create a tax climate which encourages risk capital and encourages Canadians to put their money into their own corporations. This brings me to the next point. I want to deal with stock options. We hear from the NDP suggestions that taxes for the little

[Mr. Woolliams.]

man should be lowered and taxes for corporations should be increased. I repeat that they are overlooking the fact that it is the corporations which hire these people. They pay them the wages that the unions demand and they meet union demands in negotiations. The idea is to give employment. I am sure that my friends must be against full employment in Canada, unless they thrive on adversity so that they can win polls.

**An hon. Member:** That is closer to the truth.

**Mr. Woolliams:** It is said that an effective method of increasing Canadian ownership is to encourage the formation and growth of Canadian companies. In the oil and gas industry, highly motivated technical personnel are an essential ingredient for success. The parliamentary secretary will appreciate the fact that when we developed our industries in western Canada, particularly in Alberta, it was not capital that came first but rather people from the U.S. with know-how who came to assist us with their knowledge and experience. They came from the U.S. and other places and assisted us in the development and exploration, which led to great success, particularly in Alberta where we had the findings of natural gas and crude petroleum in great quantities in the early 1940's. In order to encourage such personnel, in order to stop the brain drain and to give employment to those people who are unemployed today, it has been necessary to have some stock options. My good friends to the left will say that I am making a speech for the corporations. I am not making a speech for the corporations, I am making a speech for the people of Canada.

I know that when our corporations are healthy, when they show a profit, when they are developing, expanding and trading, we have fuller employment and we can give better working conditions and better wages to the workers. The unions then can negotiate with the corporations and obtain a higher standard of living by getting more income and better fringe benefits for their members. Surely that is the attitude we should take, unless my friends to the left want to adopt the other extreme position and say that we should abolish all free enterprise and let the state own everything. Then, one has to ask oneself how many strikes would be permitted. The right hon. member for Prince Albert once said in a debate some years ago that there were 93 strikes in Crown corporations in Saskatchewan and that 53 of them were settled by compulsory arbitration. When the state takes over completely, that is what happens to labour.

I see my time is just about up and I will complete my remarks in one sentence. When personnel are given stock options, with proper regulations, to encourage the expansion and development of corporations, there will be fuller employment.

**Mr. Flemming:** Mr. Chairman, one would assume from looking at Bill C-259, which is about three inches thick and contains about 700 pages, that it would furnish any speaker with sufficient ammunition for making a speech without any difficulty. However, I find I do have difficulty and the reason is that this bill is so ponderous and so complex that I submit an ordinary member who has some other interests to think of cannot possibly digest properly what is in it. As a consequence, he is working at a disad-