

Income Tax Act (No. 2)

States, people are still not satisfied. They would like to abolish our constructive potential. Private business should also disappear to satisfy a political party, among others.

Mr. Chairman, the hon. member said earlier: What will they do with the money? When they get a wage increase, what do they do with the money? The same thing applies, but on a smaller scale. In the business area, why not take the same action as has just been taken in Temiscaming South where the CIP closed down one year ago? Through the support of the Department of Regional Economic Expansion, the Department of Finance and the province of Quebec, former employees of the CIP share in the management of the new business which will cost approximately \$12 or \$13 million. The government contributes \$5 million, plus \$5,000 for each job created—there will be 400 or 450 jobs—and workers themselves contribute over \$1 million from their future income. This is what we call share-taking and the establishment of a business which I am sure will be profitable. Why is the same thing not advocated within the New Democratic party? Private business will be respected and personal initiative is encouraged to contribute, to take part to the re-opening of the plant in Temiscaming South.

Mr. Chairman, it is very fine to be ever critical of free enterprise and personal initiative, to say that all corporations are thieves, that they gather money to hide it, but this is not true. Those funds, those profits are used to further expand the corporations. No matter whether it creates new jobs or not, there is still economic expansion. As I said earlier, this money is invested in the same sector or in other sectors and contributes to a large extent to the development of the natural resources of Canada.

So, if the hon. member does not know on what the Progressive Conservative members rely to take position on this bill, I am sure that he will understand the full details we give and why we support this bill, which will not help at all create new jobs but will nevertheless spur the economic expansion of Canada.

[English]

Mr. Rodriguez: Mr. Chairman, the main purpose of this bill is to stimulate economic growth and, obviously, to result in jobs for Canadians. We know that the largesse proposed in this bill will not go to those who show initiative and entrepreneurship; we know that it will accrue to the large, multinational corporations in manufacturing and processing. Where I come from, we are well acquainted with one of those multinational corporations. I want to consider that particular corporation, what its behaviour was in the past and what it will be in the future in terms of what is proposed in this bill. The company I am thinking of is the International Nickel Company of Canada which would qualify under this bill for the fast write-off of equipment, and tax cuts.

For example, Mr. Chairman, International Nickel Company's clear profit was \$94,200,000, yet they paid no taxes and the government gave them a tax credit of \$2,800,000. In the period 1966 to 1971 INCO's net earnings were up about \$581 million. They paid income tax at an effective rate of 17.2 per cent. In fact, Inco has managed, with the help of the government, to accumulate deferred taxes of \$238,400,000. If we are to call a spade a spade, these deferred income taxes are in reality an interest-free loan from

[Mr. Caouette (Témiscamingue).]

Canadian taxpayers. If the money is individually collected, it represents a sizeable amount. The ordinary taxpayer, on the other hand, has no choice; he must pay the full rate of income tax every year.

It is amazing to hear the hon. member for Témiscamingue talk about welfare and entrepreneurship. I suggest to you, Mr. Chairman, the "welfareism" is in the side of the corporations which are receiving hand-outs from the taxpayers of this country, while the entrepreneurship is experienced by every Canadian who works very hard for his buck and has paid every bit of tax assessed on his income. Of course, if the individual does not pay his tax on time there is a penalty of 5 per cent on the amount he owes. Another example of what I mean is the UIC, which has collected more than it ought to have collected and a person has to wait until the end of the fiscal year before claiming a refund. And so it goes on.

● (1620)

The minister's rationalization in applying this program to companies like Inco is that it is necessary for the creation of jobs. That is where the incongruity occurs. If we look at Inco and try to apply the minister's logic we may well ask, where are the jobs? For instance, I find that in July, 1971, the number of hourly-rated employees of International Nickel was 18,224. By March, 1973, that number had decreased to 13,588. In addition, roughly 2,000 salaried personnel lost their jobs in the process. Thus, in less than two years 6,000 jobs have disappeared from that company alone. Despite all the tax concessions, deferred taxes, fast write-offs, depletion allowances on new mines, and so on, we find that the work force in my area has gone down by some 6,000 in less than two years.

No doubt the minister will counter my argument by suggesting that the tax cuts are needed for economic stimulation. Let us look at the kind of stimulation International Nickel needs. The president of International Nickel said recently when speaking to a group of metallurgists in New York:

We expect to produce more finished nickel than in 1971, even though we will mine and process some 30 per cent less ore.

It is obvious what the company is doing. In order to make greater profits the company has to high-grade; in other words, by using high grading techniques it is able to take out less ore but produce more nickel. Mr. Grubb—I think he is well named—the president of the company, further expected that there would be an annual wage and salary saving of \$120 million. So when corporations like that feel the squeeze and want to increase profits, they may resort to high grading techniques, and if cutbacks in any form are needed they cut back on the number of jobs. They let attrition take its course and do not rehire workers to replace those who have retired.

Is the minister satisfied with that kind of performance? The president of the company is not satisfied with the company's performance in the first quarter of 1973, although earnings rose by about 18 million over those of one year ago, to \$36 million. Although the president is not satisfied, he said:

We have the most efficient and flexible nickel production complex in the world. The past two years have served as a good test bed for this assertion. We think our earnings performance, though