the latest CALURA figures which were released about six weeks ago. Of that 58 per cent, the overwhelming majority is owned or controlled by United States corporations.

● (1530)

What does this mean in respect of the bill before us today? I think, first of all, whether or not President Nixon's proposals become law, some of the funds that will be lost by this government as a result of reducing the taxes will find their way into the United States treasury. If we follow the argument of the Minister of Finance, the tax reduction will mean greater profits for corporations and some of them will find themselves faced with taxation by the United States authorities. However, even if the Nixon proposals should go through Congress we stand the chance of several million dollars a year of potential taxes in Canada going to the treasury of the United States. Here, of course, I refer to the proposed legislation on runaway plants. Most of the tax cut in respect of this legislation would conceivably go back to the United States treasury. Under that legislation I understand that a United States subsidiary operating in Canada which sells 25 per cent or more of its produce in the United States and makes new investment or expands by 20 per cent, is subject to a tax to be paid in the United States.

We all know that many Canadian manufacturing or processing companies which are American-owned would fall into the category of selling 25 per cent or more of their produce back to the United States. If that were to happen and the effective tax rate in the foreign country, the foreign country being Canada, were less than 80 per cent of the United States tax rate, of course there would be the possibility of having some of these corporations paying taxes in the United States; that is, if our tax rate is less than 80 per cent of the United States tax rate.

At the present time the United States corporate tax rate is 48 per cent. The threshold rate, or 80 per cent of that, would be 38.4 per cent. This proposal in Bill C-192 would lower corporate income taxes to 40 per cent. So on the surface it looks as if we would be all right. But if you add to that the effect of the fast write-offs over a two-year period—50 per cent a year—we find that the effective tax rate for many of these corporations would be under 38.4 per cent, and thus they may well be forced, under the runaway plant scheme as proposed by President Nixon, to pay taxes to the United States treasury. If that happens, what will be the effect of this bill? It will mean that tax money which would have gone into the Canadian treasury will go into the treasury of the United States. I suggest this is one aspect of the bill that the government and Members of Parliament should look at very seriously before passing this bill.

I understand there is a second possibility in the Nixon's new tax proposals which may affect us if this bill is passed. The new proposal would penalize United States corporations operating in foreign countries if the tax concessions are too large in the view of the United States administration. If you add our tax cuts, provide fast write-offs, and in many cases other concessions as well, you will find that some of the Canadian firms may qualify in the "too large" category of the new proposals put forward by President Nixon. Such firms may be subject to a United States tax as if they were actually operating in the United States. As I understand it, the way this proposal operates is that if the tax concessions are too great, then the United States government will step in and tell these firms that they will be taxed as if they were operating in the United States; they will not be taxed merely on the profits that are remitted to the parent firm in the United States.

If that proposal should go through there would, again, be a good possibility of many funds being diverted from the Canadian treasury to the United States treasury. I think this is another point the House should consider seriously when looking at the corporate tax proposals before us, because what is the sense of cutting taxes for corporations operating in Canada if part of the benefits are to flow, not to Canadians in the form of jobs, and so on, but into the treasury of the United States if the proposals of President Nixon become law?

This is a matter which very seriously concerns me in respect of the bill before us. I think this is one reason, in addition to others put forward, why this bill should not become law but should be defeated or withdrawn from this House of Commons. As I say, there are other reasons why the corporate tax bill should not become law. One of them is the profit situation of corporations in this country. I have already said that corporate profits increased by 53 per cent in the first three months of this year. That is a higher increase than at any time in the past 12 years. We also find that corporate profits in 1972 over 1971 increased by 20 per cent. We find that in 1971 over 1969 they increased by 16 per cent. Also, if you look at a number of industries in this country you find that without the corporate tax cuts they are still making tremendous profits; they are still able to make a good return on their investment; they are still able to expand plants and facilities and in my opinion do not need a further tax cut.

Let me give five or six examples of the profit picture of some of the major manufacturing and processing industries in Canada today. I have taken these examples from the earnings reports of the *Financial Post* in connection with selected manufacturing and processing companies in Canada. These are first quarter figures comparing 1973 with 1972. They indicate the change in net income, after taxes, with the old tax rate in effect. We find, for example, that Goodyear Tire and Rubber had a profit increase of 15.6 per cent, after taxes, in the first quarter of this year compared to the first quarter of 1972. Burns Foods had a profit increase of 29.7 per cent in the first quarter of this year compared to the first quarter of 1972, and we all know that food prices are going up. Consolidated Bathurst Corporation had a profit increase of 184.2 per cent, after taxes. Fleetwood Corporation had an increase of 218 per cent, and Hawker Siddeley Canada had a 243.7 per cent increase.

I could go on and on, but I think even those few examples, plus the general increase of 53 per cent in the first quarter of this year, indicates to this House and the country that a further reduction in corporate tax is totally unnecessary at this time. It will not necessarily make our industry more competitive. It will not necessarily create more jobs in Canada. Instead, it might result in greater profits for some corporations and greater revenue for the United States treasury. It may result in additional funds for many multinational corporations to invest elsewhere.