

textile industry is in difficulty. Does he not see that there is a comparison to be made between the government providing hundreds of millions of dollars to companies such as INCO to expand their mineral operations abroad in direct competition with Canadian workers, and a situation in which the Government of Canada might provide assistance to Hong Kong, Taiwan and Korea for the development of their textile industries?

Mr. Chrétien: I should like to take a few minutes in which to reply, Mr. Speaker. These are two different questions.

In one case the mines are there and the help we have given to any Canadian corporations which operate abroad to develop certain areas is in relation to the goods and services Canadians can sell in the course of that development. If we were to refrain from doing that we would not get the business—we would not be providing the equipment or the engineering services. The mines in Guatemala and Malaysia would have been developed in any case, but they would have been developed by someone else.

In the textile industry there is a completely different situation. There is no suggestion we would provide help to Taiwan and those other nations. The industry is already operating there. We have done something for the protection of the Canadian market by imposing quotas so that the industry in Canada is protected. But nickel is something we sell abroad. We sell very little of it in Canada.

Hon. Alvin Hamilton (Qu'Appelle-Moose Mountain): Mr. Speaker, I feel very sorry for the NDP after the speech just made by the Minister of Finance (Mr. Chrétien). I think that if they would reflect for a while on what they have been saying they would realize that the type of representations they have made in relation to a very serious problem have been pretty childish. Their motion is one which in general terms can be supported—it did not mention socialism or the usual NDP panaceas. But I myself will move an amendment before going further. I should like to ask the Minister of Finance to second it in order to get his support, but I know that under the rules I cannot do this, so I shall have to ask one of my hon. friends to do so. The minister will understand when I read the amendment.

I move, seconded by the hon. member for Northumberland-Durham (Mr. Lawrence):

That the motion be amended by striking out all the words after the words "industrial strategy" and substituting therefor the following:

"including a reformed resource taxation policy, to preserve and expand employment and to promote further resource exploration, processing, and related manufacturing in Canada."

I know that every party in this House and every member in the House will support this.

Today we are talking about miners. Thousands of them are out of work and before many months have gone by it is likely that 20,000 of them will be unemployed. The essential reason why this should be the case has not yet been mentioned in the debate. There are periodical surpluses on the mineral markets of the world. They are cyclical, and the mining industry has

always been able to cope with them. The difference is that today the taxation policy in effect is by no means the same as it was six years ago.

We had good mining laws in this country, as the expansion of the industry has demonstrated. Because mining is a risk enterprise no taxes were levied during the three-year period following the starting of a new mine. This enabled a rapid write-off of the heavy investment needed at the beginning of the enterprise. Moreover, a taxation level imposed on the mining industry was approximately 30 per cent as compared with some 45 per cent in the case of other industries. Special discrimination was made in the case of mining because of the risk factor and the exceptional difficulties encountered. As a result of these policies the industry was able to employ more and more men each year at relatively high wages.

Into this picture, the royal commission called the Carter Royal Commission was introduced. Its philosophy was that a buck is a buck—a man who believes in that philosophy is not very attracted to taking risks.

• (1622)

The government brought in a recommendation to the House that we should tax mines more heavily, but before the federal government could take action the western provinces of B.C., Alberta, Saskatchewan, and Manitoba tripled and then quadrupled their tax levels. This was in the years 1973, 1974. In 1974 the federal government gave its answer. In the two notorious Turner budgets the federal government refused to make these tripled and quadrupled taxes of the provinces deductible. In effect, it said, "You fellows have gone too far; you are taxing too much, so we are going to bring in a budget which does not accept a tax on your own resources—a tax you have a perfect right to implement—we will make them non-deductible". So in effect, Mr. Speaker, there was double taxation. That is the second point I want to make.

As a result of this double taxation, average taxation across the four western provinces of resource industries, particularly mining, instead of being 30 per cent as it had been traditionally, and about which the NDP members and the CCF before them complained continually, was increased to 85 per cent. Just think, Mr. Speaker, an 85 per cent tax load because of this quarrel between the federal government and the provinces.

Then in 1974 the government brought in the petroleum administration bill which provided, in spite of the strongest opposition of members on this side of the House, that the federal government was going to control the prices of resource products passing across provincial borders. This was an interference with the constitution but, supported by members of the government, that became the law of the land. The federal government said that if the provinces could not agree on the price to be set, the federal government would impose a price unilaterally. Hon. members should read the debates of 1974 and the warnings which were issued from this side about what this would mean to the resource industry.

Now we have the decision which was handed down today by the Supreme Court of Canada; I have it with me. This will be