

*Supply*

**Mr. Blenkarn:** You are just increasing taxes on them!

● (1240)

**Mrs. Erola:** Give us, that is the federal Ministers and the provincial Ministers, an opportunity to come up with a program that will replace what is there now, one that is better.

**Mr. Deputy Speaker:** The Chair would ask Hon. Members to bear in mind the extension that has taken place. The Hon. Member for Parry Sound-Muskoka (Mr. Darling).

**Mr. Stan Darling (Parry Sound-Muskoka):** Mr. Speaker, let me begin by congratulating my colleague for bringing this motion before the House, despite the fact that the Hon. Minister seems to think there was absolutely no need for it. I would also congratulate the Government for the measures it has taken in the budget which benefit the producing sector in general and the mining sector in particular. Such measures as allowing earned depletion to be deducted from any income source, the right to carryback non-capital losses three years and forward seven years, and the refundable investment tax credit are worthy moves and come none too soon.

As we are well aware, the Minister represents a constituency whose dependence on the mining industry is near complete. I know that she must have often been sick at heart as she viewed the effect that the earlier policies of her Government have had on that once prosperous industry and on her own riding in particular.

How tragic it is that before the Gallup polls and the inevitability of the coming election prompted the temporary shelving of some of the Government's more incredible economic theories, more than half of the manpower of this great industry had to take their place in the breadlines or go on Unemployment Insurance. The mining industry is not a sector that can be made to respond to Government incentive measures like a frog's leg jumps to a jolt of electricity. Like any other sector, it can be stomped into the ground by punitive or confiscatory tax measures, as this Government has clearly shown, but it cannot be resurrected as easily.

The mining industry depends for its health and welfare on the ability of producing sectors of the economy to buy its products. Without that, Government incentives such as increasing employment or addressing any other isolated factor in the productive equation will do no more than create more and greater stockpiles of unused products. So in order to find the reason for the crisis in the mining industry we must look to the general state of the economy.

Conversely, of course, the fact that over the past year or so half of the manpower in the mining sector has been out of work at one time or another is an utterly damning commentary on the effects of the Government's economic policy on the nation at large. However, this is not to deny the fact that the vast majority of Canadian mineral output is sold on the international markets. I believe the Minister stated that the figure was some 80 per cent. However, the Adams mine in Kirkland Lake and the Sherman mine in Temagami both have their output dedicated to the Dofasco mill at Hamilton,

Ontario. The Adams mine recently closed down for a period of some three months, throwing some 400 breadwinners out of work. The Sherman mine is to follow suit some time in August. This example reflects directly on the point that I have been trying to make, which is that mining is dependent not on direct Government programs but on the general industrial climate. As we all realize, that climate has been very largely shaped by the Government's social and political experimentation over the past couple of decades.

The other factor that affects the viability of the industry is the price that it must charge for its product. Clearly if a property cannot produce a saleable product for less than the going price on the international market, then it becomes uneconomic.

The factors that contribute to the pricing of the product are such things as the grade of ore, the existence of marketable by-products, transportation costs, labour costs and so on. The Minister mentioned energy and interest rates, which are also significant. But there is one further major factor which is an important one in the case of the mining industry, and that is the crippling level of taxation imposed by all levels of Government.

The punishing level of taxation imposed on the industry by the provincial Government is no responsibility of the Treasury benches across the aisle, but their own tax laws are. I refer specifically to the non-deductibility of provincial taxes from taxable income for federal purposes. This single provision, enacted into law by the Turner budget of 1974, has done more to make Canadian mines uneconomic than anything else that I can think of. When this is coupled with the fact that the dividends of these mining companies, having been taxed by both provincial and federal Governments while still in the hands of the companies, are again subject to taxation in the hands of the investor, it is no wonder that the industry has been having a hard time finding seed money.

I will leave the discussion of the Government's policy of taxing northern allowances to my colleagues. We have already heard comments on that issue.

As I see it, the root causes of the industry's problems, like the root causes of the problems of the economy as a whole, are philosophical. Having concealed its socialist orientation from the voters in order to get elected, and perhaps sensing that this may well be their last chance to do so, the Government has embarked upon a collectivist, centralizing and demoralizing course that has laid waste to what was once the first or second most prosperous economy in the world and reduced it to the lowest level in the OECD.

In order to achieve this and to finance the effort to make as many Canadians as possible dependent, to some degree at least, on its own hand-outs, it has raised taxes to an unconscionable level. It has done so seemingly driven by the belief that the prime responsibility of a Canadian citizen, corporate or otherwise, is to generate income for the Government to spend, and in most cases to squander.