

*Income Tax Act*

**The Assistant Deputy Chairman:** Is that agreed?

**Mr. Osler:** Agreed.

**Mr. McCutcheon:** Is the hon. member of the opinion, as I am, that the taxing habits of the government in Canada may have had an adverse effect on developments in Winnipeg, inasmuch as the Versatile manufacturing people, according to my understanding, are moving to Mexico?

**Mr. Skoberg:** Where did the hon. member hear about that?

**Mr. Osler:** Mr. Chairman, I am not enough of an expert to answer that question. I have not heard the particulars of the situation. I know that the particular individuals who have control of that company are singular men with singular attitudes, attitudes that are different from those of most businessmen. We cannot really believe that their move has been purely prompted by so-called tax rules, although they may have used those rules as an excuse. I know that they were pretty restless before anybody thought of tax changes.

**An hon. Member:** It must be the weather.

**Mr. Nowlan:** Mr. Chairman, I listened with interest this afternoon to the remarks of various hon. members on this section of the tax bill relating to international income, both flowing in and flowing out of Canada. My remarks will be primarily directed to the position of the Canadian corporation doing business in a foreign jurisdiction and some of the problems that it may be exposed to if this bill goes through in its present form. Before developing my thoughts on this complex part of the bill, may I say that we have been given interesting and constructive contributions by the hon. member for Dauphin and the hon. member for Spadina. They both spoke earlier this afternoon, and both pointed out in cogent terms what Canadian companies doing business abroad fear. I was glad to hear the hon. member for Winnipeg South echo some of these concerns. He suggested how these provisions will adversely affect the operation of Canadian corporations doing business abroad.

Having said that, Mr. Chairman, may I digress partially from the trend of my remarks to say I was astounded at what the hon. member for Waterloo said. Although the hon. member is not now in the House, I want to comment on his remarks. If the trend of his thoughts were to be followed to their logical conclusion, one could assume that that hon. gentleman is not only against the provisions of the auto pact but would like to go back to the days of the horse and buggy. Before this debate ends, I hope the hon. member for Brant, who was in the chamber but who is not here now, will attempt to explain to us the remarks of the hon. member for Waterloo as they applied to Massey-Ferguson and that part of the Massey-Ferguson business which is located in Brantford. The hon. member for Waterloo threw out interesting thoughts; yet I find it inconceivable that the hon. member for Brant who represents Brantford could support what the hon. member for Waterloo said in total or in part. Be that as it may, I hope my remarks will be brought to the attention of the hon. member for Brant. No doubt the hon. member for Moose Jaw will be the purveyor of glad tidings and good advice and will invite the hon. member for Brant to contribute to

this debate in order that he may rationalize the remarks of the hon. member for Waterloo for the benefit of the people who work for Massey-Ferguson.

Basically, the more we discuss the sections of the bill dealing with international incomes and international finance, the more it becomes apparent that Lewis Carroll's "Alice in Wonderland", when considered in terms of this debate, is more a work of fact than of fiction. We are told that that eminent classic is all fable; yet I submit that what the committee of the whole is attempting to do in dealing with the abstract ideas of international income and international finance makes Alice in Wonderland seem more like fact than fable. The determination of the Minister of Finance to proceed with the bill, regardless of changing circumstances, regardless of conditions which have changed since the Carter report came out and since this bill was first introduced, regardless of developments on the international scene which culminated on August 15 in Mr. Nixon's proposals for protectionist measures which show that America is looking inward, is enough to make one think that he might be a character in Lewis Carroll's famed fable of yesteryear. The decision of the President of the United States has brought difficulties to almost all communities of the world.

In pretending that Mr. Nixon has developed his proposals in a vacuum, so to speak, the minister has become a perpetrator of fable, because what he is doing cannot be based on fact. Basically, and I think this is most likely, the Minister of Finance supports these international income provisions because there is very little sex appeal, in a political way, to them. I suppose that most people will look on companies like Massey-Ferguson and Alcan as giant corporations doing business abroad. To the majority of hon. members as well as to Canadians, they are rather distant and their operations are rather far afield. I suggest nevertheless, Mr. Chairman, that these provisions regarding international income are about as fundamental to this tax reform bill as Mr. Nixon's DISC proposals are to his income incentive proposals relating to foreign investment by American companies. Although the President of the United States is trying to correct that country's imbalance in trade by encouraging, through legislative sanctions, multinational corporations to develop their activities abroad, we, in this country, seem to be going in the reverse direction. The sections of the legislation which stimulated Canadian multinational corporations in their development abroad are being removed or restricted in scope.

I submit that the future prospects of Canadian corporation doing business abroad will be adversely affected if these sections, in their present form, are passed. Yet I believe, Mr. Chairman, that these sections dealing with international income are as fundamentally important to us as Mr. Nixon's proposals, which are attempting to restore the balance of the American economy, are important to the United States. The proposals in this bill relate to the question of whether we shall enjoy a more diversified economy. They relate fundamentally to the question of whether these companies will provide jobs for Canadians, both abroad and here in Canada. Those companies which successfully do business abroad must be serviced. It is rather paradoxical to me to see that, regardless of our attempts to develop new policies in a vacuum, the United