

Income Tax Act

Witness the situation in which many Canadians live. Witness the food banks in every major Canadian city in this country. People are lining up for a bloody sandwich and a bowl of soup. Witness the conditions in which native people live on the reservations. Witness the shacks and the rooms that hundreds and thousands of Canadians are living in, yet we still hear from the Tories that we are living beyond our means. What a bunch of nonsense! How sad it is, how sad it is.

It is of interest to me when I read the statement issued by the Canadian Catholic Bishops on January 5, 1983. I hear a lot of the rhetoric that has come from the government benches and the solutions that they are proposing, much of what the bishops were warning against in the 1983 statement. Let me place on the record what the bishops were saying at that time. They said:

Indeed it is becoming more evident that an industrial future—

I'm sorry, I will come back to that section because the bishops had a lot of very important points to make. In fact, I would suggest that this is one of the most important social documents that has been produced in Canada in the 1980s. The bishops described the economic crisis as follows:

The present recession appears to be symptomatic of a much larger structural crisis in the international system of capitalism. Observers point out that profound changes are taking place in the structure of both capital and technology which are bound to have serious social impacts on labour.

They then talked about some of the solutions that are being proposed. I quote from the section "Present Strategies". They said:

There is a very real danger that these same structural and moral problems are present in Canada's strategies for economic recovery. As recent economic policy statements reveal, the primary objective is to restore profitability and competitiveness in certain Canadian industries and provide more favourable conditions for private investment in the country. The private sector is to be the "engine" for economic recovery. To achieve these goals, inflation—

The bishops talked about inflation in 1983. I will substitute the word "deficit". The rhetoric is still the same, except the word "inflation" has been taken out and the word "deficit" is now used.

To achieve these goals, (the deficit) is put forth as the number one problem. The causes of (the deficit) are seen as workers' wages, government spending and low productivity rather than monopoly control of prices. The means for curbing (the deficit) are such austerity measures as the federal 6 and 5 wage restraint program—

That was the Liberal solution. By the way, there is not much difference between what the Tories are doing now and what the Liberals did then. I continue with the quote:

—such austerity measures as the federal 6 and 5 wage restraint program and cut-backs in social spending (e.g., hospitals, medicare, public services, education and foreign aid), rather than controls on profits and prices. These measures, in turn, have been strengthened by a series of corporate tax reductions and direct investment incentives for such sectors as the petroleum industry. In effect, the survival of capital takes priority over labour in present strategies for economic recovery.

Let us look at the statistics. Indeed we find that it is so. All of these figures came when the Liberals were in power, but I do not see the Tories changing it. I now quote from the January 1985 issue of *Canadian Business*, certainly no flaming socialist magazine. It reads:

In 1977 large corporations paid an average effective tax rate (after all possible deductions and deferrals) of 18.2 per cent,—

In 1981, the most recent year for which figures are available, the effective big-business tax rate had dropped to 14.3 per cent,—

That is not all. The article continues to explore some of the other tax dodges that exist. For example, it talks about the deferral problem and gives some example. I quote:

Northern Telecom Ltd. chalked up \$3.3 billion in sales in 1983, showed \$325 million in profit and yet managed to end the fiscal year paying no taxes.

TransCanada Pipelines Ltd., with \$4.7 billion in assets and 1982 pretax earnings of \$182 million, paid just 7 per cent in effective taxes.

Shell Canada Ltd., with assets of \$4.7 billion and pretax earnings of \$302 million, paid no income taxes in 1982.

The list goes on. When we hear government Members talking about reducing the deficit, do they talk about collecting revenues from Shell Canada Ltd., TransCanada Pipelines or Northern Telecom? No. As the bishops state, it is the big business guys and their profitability that has been selected as the engine for economic growth. They are the ones whom we bow to and scrape to. We never touch any of their special dividends or special tax concessions, no way. We cannot do that. Who does get cut? It is the old people, our education system, the people on welfare and those on unemployment insurance. They have to tighten their belt. They have to make their sacrifices. When was the last time that Shell Oil, TransCanada Pipelines or Northern Telecom ever made a sacrifice for this country? Never, and never will they.

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Then of course there is this extra little thing called deferred taxes. In 1980, deferred taxes amounted to some \$24.2 billion. That was more than the entire federal deficit was at that time. If government Members were really serious about solving the problem of the deficit, they would collect the damned deferred taxes. There is some \$24 billion to \$26 billion sitting out there. Will they ever do that? No. Will they ever collect that money? No, because these taxes are essentially written off.

We return to the statement made by the bishops. The bishops asked a very good question. They said:

Yet, there are no clear reasons to believe that working people will ever really benefit from these and other sacrifices they are called to make. For even if companies recover and increase their profit margins, the additional revenues are likely to be reinvested in more labour-saving technology, exported to other countries, or spent on market speculation or luxury goods.

Are the bishops speaking through their hats or are they serious? Do they have some facts and figures behind them? I believe that they do have some facts and figures behind them.

Let us look again at some of the facts and figures regarding these tax breaks. We find that the studies that have been done show that the companies that received the most tax breaks are in fact the ones that have the worst record of creating employment. Many of these tax breaks are justified by the statement that they will create jobs. Government Members say that we must allow these companies to earn more profits so that they can plough this back into the economy through new investment, and then the new investment will create more jobs. This is called the trickle-down notion. Put in another way which the