

*Adjournment Debate*

But since Falconbridge is finding it necessary to cut its capital spending and lay off hundreds of Canadian workers, someone might assume that the other major nickel company in the area would be having similar difficulties. But if you assumed that you would be wrong. The International Nickel Company of Canada has stated it has "no plans to cut production" in spite of any softness in the market.

The president of INCO, a Mr. J. E. Carter, said in New York that while this year's production by the company would be about 10 per cent below last year's, "on the long term basis, we continue to expect that over-all world growth in nickel production will continue to be about 6 per cent a year." He also pointed out that INCO was planning to increase its production in Canada. And even at this time, while Falconbridge is laying off those hundreds of workers, INCO in my constituency is offering its workers considerable amounts of overtime. Mr. Carter is even more optimistic about the prospect of nickel sales in the coming year when he notes that many of the customers for nickel will be making significant capital investments next year.

But even if INCO is not having difficulties, it is perhaps possible that Falconbridge is having difficulties. This might show up if we were to see that total nickel exports from Canada were down significantly, or perhaps if production in Falconbridge's plants in other countries is also down. But instead we discover that both nickel production and exports have decreased very little in Canada over the last year. And we also discover that production in Falconbridge's plants in Norway and the Dominican Republic is proceeding with no cutbacks.

The real reason for these cutbacks is, I suspect, not a soft world market. The reason instead is that the government of Ontario last year decided to remove tax provisions which permitted Falconbridge to write off any processing costs it encountered in overseas plants. So, faced with significant tax increases, which would have been used for the betterment of the host country, in this case Canada, the company decided to reduce production instead. This has two effects. First it permits the company simply to switch whatever production it can to cheaper locations. Business analysts have pointed out that Falconbridge is purchasing nickel from foreign sources for its refinery in Norway at rates cheaper than it can produce in Canada.

But aside from any savings in cost, the company has another reason to cut production here. The lay-off of hundreds of people is a form of blackmail against the Ontario government to force it to reduce taxes to the multinational corporation. Even business analysts admit that production cutbacks are an attempt to convince the Ontario government of "the severity of the Ontario tax climate".

So here we have a company that is trying to force a provincial government in Canada to reduce its taxes, and using Canadian workers as pawns to do it. Perhaps it would be useful to have a look at what Canadian taxes have done for this company.

Over the last 15 years Falconbridge and its subsidiaries have received millions of dollars from the Canadian taxpayers in the form of DREE grants, accelerated capital cost allowance programs, plus various other manpower and corporate assistance programs.

But as I have said before in this House, Falconbridge also receives another kind of tax assistance. Under section 126 of the Income Tax Act Falconbridge is permitted to claim a foreign tax credit for its operations in the illegal and racist administration of South Africa over Namibia. Falconbridge owns 75 per cent of Oamites Mining Company, Ltd. which extracts copper and silver from Namibia in Southwest Africa, using all the rotten racist labour conditions allowed by South African law, and for the taxes paid to the South African government Falconbridge gets a tax credit in Canada, a tax credit paid for by the working people of Canada who are being forced in this way to help support both the exploitation of the people of Namibia and the profit-taking of Falconbridge Nickel Mines Ltd. The other 25 per cent of that mining operation is owned by the Government of South Africa.

Falconbridge must have found it appealing to work under the kind of government in South Africa which is prepared to condone a vicious industrial system to increase corporate profits. Now it has found another country that is prepared to go far to make corporations happy. Falconbridge is considering a major investment in Chile, a country which is prepared to torture, murder, and take any other steps necessary to ensure a less severe climate for foreign investment.

When I raised the question of Falconbridge's actions in Namibia last spring and pointed out that its actions there were illegal under many decisions of the United Nations, the government had many platitudes about why it could do nothing not even to the extent of stopping the tax credits of money paid to the South African government.

● (2210)

The government spokesman said that it is a principle of the government not to interfere with Canadian companies abroad. The government said Falconbridge was operating in Namibia at its own risk, if high profits made from those kinds of labour practices can be said to be a risk. But now, when the provincial government has tried to get a fair tax return from the company, the company is showing just how Canadian it is by shifting its operations elsewhere. It is now taking steps in Canada which prove it is a multinational company far more concerned with profits than any loyalty it may have to Canada.

I call on the Minister of Finance (Mr. Macdonald) and the Canadian government to amend section 126 of the Income Tax Act of Canada to ensure that Falconbridge Nickel Mines Ltd. does not use that loophole to enrich itself from its Namibian operation at Canada's expense and that of the working class people of the Sudbury Basin.

[*Translation*]

**Mr. Jacques-L. Trudel (Parliamentary Secretary to Minister of Finance):** Madam Speaker, I do not know exactly to what tax provisions the hon. member alluded when he spoke of "tax concessions" with regard to operations in Namibia. I should like to point out to him that our Income Tax Act provides nothing pertaining specifically to Namibia, nor have we signed any tax treaty with that country. The hon. member may have been alluding to the tax allowances provided in the case where income tax is paid to foreign governments, or again to the tax treatment