

*Income Tax*

When I hear Liberal backbenchers standing up and praising the Minister of Finance with a record like this, I know they are certainly trying to pull the wool over our eyes. The government has been in office since 1963. If hon. members opposite are so brilliant, so much on the ball, how did we ever end up in a mess like this, Mr. Speaker? The Prime Minister has a great habit now of blaming the people. The people are not the government. The people are not running these departments.

Let me refer to another newspaper article, although I get sick looking at them, Mr. Speaker. This one is headlined "Layoffs an Epidemic in the Land". We find press statements from all across the country about this government and its record. These are endless, Mr. Speaker.

● (1732)

I do not wish to take up any more time as I know there are others who wish to speak on this before we close at six, but I would put a challenge to the Minister of Industry, Trade and Commerce (Mr. Horner) once again. He should start immediately holding seminars and meetings with the business community. He must conduct some research and do some very detailed work in order to find out what has to be done to keep this investment in the country. Perhaps he can find out from investment counsellors. Maybe they can provide the minister with detailed information regarding investment money leaving the country. Once this trend starts there is no stopping it. My prediction is that within four years we will have between 2.5 million and 3 million unemployed in Canada.

I have put this challenge to the minister on two other occasions. He has given me no information and no answer. I hope he will take up this third challenge and will take some action which will encourage this investment money to remain in Canada.

**Mr. Derek Blackburn (Brant):** Mr. Speaker, in the government's 1974 budget, then finance minister John Turner promised the people of Canada that tax concessions for corporations would work to solve the country's economic problems, as well as unemployment. Canadians were told that corporations would invest these windfalls to create jobs and stimulate a recession-ridden economy.

Three years and three finance ministers later, we are faced with a staggering 8.2 per cent unemployment rate and a steady decrease in the growth of our gross national product. Economic forecasters predict that Canadians are in for the longest and coldest winter since the great depression.

Yet despite overwhelming evidence that corporate tax concessions have provided neither the jobs nor the much needed stimulus our economy lacks, the government refuses to seek a new remedy for our economic woes. Surely, Mr. Speaker, the government is aware that even though the largest tax incentives have gone to manufacturing firms, manufacturing jobs have actually decreased. In the first nine months of last year manufacturers employed an average of 1,945,000 workers. This year that figure has dropped to 1,915,000. That is an actual loss of 30,000 jobs; a poor testimony to the effectiveness

[Mr. McKenzie.]

of tax concessions. Yet the government persists in re-introducing a bill from last March's budget that will grant the corporate sector another \$1.2 billion in tax cuts, and continue to do so for another three years.

Tax concessions to large corporations have failed, and the reasons are obvious. Our economy is operating at slightly above 80 per cent of its capacity. It is only common sense to realize that corporations are not going to invest in expansion when their existing plants are already operating at 20 per cent below capacity.

Indeed there is very little guarantee that corporations will invest their tax breaks in the manner the government intends at all. In fact the evidence would suggest just the opposite. It would appear many of the beneficiaries of the government's generosity are more interested in profits than in good corporate citizenship.

I have before me, Mr. Speaker, a page from the August shareholders' report of Northern Telecom, a subsidiary of Bell Canada. It thanks the March tax incentives for "reducing our effective income tax rate to 40.6 per cent for the period in 1977 from 42.8 per cent for the first half of 1976". This company thanked its employees, whose tax dollars have contributed to their employer's profit margins, by announcing the layoff of over 1,000 workers in plants throughout Ontario and Quebec. Northern Telecom will receive over \$3 million this year from the finance minister's scheme to promote job creation. I just cannot understand the logic behind this kind of financial manoeuvring.

Perhaps the most familiar example of the abysmal failure of tax concessions to provide jobs is that of INCO. INCO will have an estimated profit this year of \$100 million. It will receive a tax concession amounting to \$10 million, and also has deferred taxes of \$378 million. These deferred taxes are, in effect, interest free loans. In addition, the Export and Development Corporation has loaned INCO \$70 million at discounted interest rates to develop mines in Indonesia and Guatemala. The government expected INCO to express its gratitude by expanding its Canadian operations and hiring more Canadian workers. What INCO has done is lay off close to 4,000 workers in Thompson, Manitoba, Sudbury, and Port Colborne. The EDC loan, which has in fact aided the exportation of jobs, only adds insult to injury. Clearly, the government's policy of corporate tax concessions is not producing the desired results.

ALCAN recently laid off 400 workers in their fluorspar mining operation in St. Lawrence, Newfoundland. Company executives admitted the corporation was not losing money, it just was not making enough. This act of corporate social irresponsibility issued from a firm which stands to receive an estimated \$11 million in tax concessions this year, and which has already been granted deferred taxes amounting to \$180 million. ALCAN profits this year, bolstered by government tax concessions, will likely be \$138.8 million. That profit is up 560 per cent from last year's \$21 million.

The list of corporate abuses of tax concessions is endless, but perhaps one more example will suffice to make my point. Noranda more than doubled its assets of \$871 million in 1970