

Income Tax Act

There has been some talk about income tax deductions. A while ago, in support of his argument, the hon. member for Pontiac-Temiscamingue (Mr. Martineau) even quoted certain economists and advocated income tax exemptions to get our economy going, to facilitate foreign investments in Canada and to encourage the establishment of secondary industries for the processing of our raw materials. He also referred to the statement made this morning by the Minister of Industry (Mr. Drury) concerning the automobile industry. The Conservatives tried tax exemptions in favour of large companies, and see where that led.

I have here a report of the petroleum industry which appeared in *Facts and Trends*, a newspaper published by the oil chemical and atomic workers unions. It reads partly as follows:

British American Oil	\$32,600,000
Imperial Oil	67,800,000
Texaco-Canada	11,100,000
Royalite	2,100,000

A few years ago, legislation was enacted by parliament, under the Conservative government, to provide exemptions for those companies. What result did that give?

Let us see what are the profits per man-hour of those companies and, later on, we will compare them with the income tax paid by the small wage earners of whom I spoke a while ago:

Profits per man-hour	
British American Oil	\$2.17
Imperial Oil	2.59
Texaco-Canada	1.97
Royalite	1.60

The table shows that the companies' man-hour net earnings were often higher than the wages of the workers. Those are the companies to which the government wants to grant tax concessions, when 30 per cent of all federal revenues come from taxes paid by small wage earners. Is this not a shameful and sad joke to play on the people who are trying to build up our country? It is for such companies that tax concessions are being considered under the pretext that such a measure will attract new industries when, in fact, it will only increase the foreign control over our economy. Think of it. Those companies pay only 20 per cent of tax revenues whereas their employees pay 30 per cent.

Surely, there must be other solutions than to encourage new companies to come and establish themselves in our country. It is not that I am against the processing of raw material at home through secondary industries. On the contrary, that is what we have been clamouring for.

[Mr. Perron.]

During a debate, I was recalling here, last fall—of course I come from the eastern townships and I was speaking as a member in this house for that district—that the asbestos production amounted in 1957 to \$107,058,000 whereas the exports of the raw material amounted to \$104,489,431, and that, in 1958, the corresponding figures were \$92,276,748 and \$90,345,000, in 1959, \$107,433,344 and \$110,431,000, in 1960, \$121,400,015 and \$120,113,000.

I believe that we are entitled to consider essential that industries establish themselves in our country to process those raw materials, and that, for several reasons. First of all, to improve our unfavourable balance with our friendly neighbour country, which is of the order of \$1 billion per annum; a fact which was made clear when the last budget was tabled. Our unfavourable trade balance with the United States has reached \$1 billion a year.

We export the larger part of our asbestos to the United States, as raw material, while we import a fairly good quantity of finished products.

We have imported finished asbestos products, according to the 1962 Canada Year Book, for an amount of \$4,078,000 in 1959 and of \$4,498,000 in 1960. Which means that despite our trade deficit, we find means to import from them those finished products, while we allow them to come and get in this country that raw material, that resource which certainly belongs, to a large extent, to the Canadian people.

Moreover, there are other imports of finished products, such as asbestos products, that we buy from other countries which take our raw material—the United States, for instance—to turn it into finished products. We imported for over \$25,800,000 during that same period, whereas, at home, in the province of Quebec, in particular in the eastern townships, we have hundreds of unemployed who are waiting for the opportunity to process their own resources, to the advantage of their fellow citizens.

I admit that it is important and urgent to amend the Income Tax Act. But how can we amend it? Simply by giving incentives to alleged capital investments through corporation tax exemptions, and especially dividends? I do not think that solution is possible, and I am sure it is a wrong solution.

That is why we are bringing forth suggestions, not simply on the basis of whims, but rather on the basis of statements made by a body as important as the information branch of the Department of Labour. I have here a report from that branch, dated May 8, 1950. At that time, the Liberals were in office