pared to less than $20 million in 1973. That is also substantially more than a 100 per cent increase. These are the kind of profits shown by large corporations form one end of the country to the other.

Will the bill before us do anything about that situation, Madam Speaker? I do not think so. It will not protect the Canadian consumer at all. Will it do anything for Canadian shareholders? In this respect I think it would be interesting to look at an article which appeared in the Montreal *Gazette* on July 31. It was written by a former Liberal cabinet minister, Eric Kierans, and he was replying to a full page advertisement which had been inserted in many Canadian newspapers by the Mining Association of Canada entitled, "Does Anybody Out There Give a Damn if the Mining Industry is Taxed to Death"?

Mr. Kierans' article bore the headline, "Shed no Tears for the Canadian Mining Industry", and showed, among other things, how little concern Canadian corporate management has for the Canadian shareholder. I wish I had time to put the whole article on the record. Mr. Kierans is no flaming radical, no socialist. Before he entered politics he was president of the Montreal Stock Exchange so he knows a good deal about Canadian corporations, and he cares about their shareholders.

● (1530)

Mr. Kierans, by illustrating actual cases, shows that Canadian corporations are not operated for the benefit of Canadians or company shareholders; they are operated to increase the power of management and directors, at the expense of the shareholders. Certainly their activities are not conducted in the interests of the Canadian people.

Mr. Kierans illustrates his point by referring to two large and powerful Canadian corporations, Inco and Noranda. According to Mr. Kierans the profits of International Nickel this year after taxes will be better than $300 million. The company will have on hand, because of accelerated depreciation allowances, depletion allowances, exaggerated exploration and development expenses, and the like, which governments allow, another $200 million in extra cash. Mr. Kierans says that in the good old days, when there was real competition—if ever there was such a time—there would have been a horde of competitors in the field. Profits would have been quickly cut to ribbons. Prices would have fallen and consumers would get a break. But that did not happen in this case because Inco had a virtual monopoly. There was a nickel shortage in the world and Inco did not need to cut prices.

Mr. Kierans said the company could have passed on a substantial part of its $300 million profit to shareholders. But, he said, that is the last thing which would occur to Inco management, because shareholders might spend the money foolishly. They might buy clothing, or use it for the down payment on a house, or try to stay even with inflation. So, Inco did not intend to give this money to shareholders as dividends. Inco shareholders have received about a 5 per cent return on investment, less than they would get if they invested their money in federal or provincial bonds, or put it in the bank on short-term deposits.

What did Inco do? It purchased an American company, whose stock was then valued at $105 million, for approximately $230 million. Mr. Kierans calculates that on this $230 million Inco can expect dividends ranging from $4 million to $7 million, representing a return on capital of between 2 per cent and 3 per cent. Clearly that purchase did not increase productivity. The Minister of Finance (Mr. Turner) keeps saying that to beat inflation we must increase productivity. That Inco purchase did not increase productivity in Canada or the United States. It merely increased the power of management and directors, and was not of benefit to the people of Canada or company shareholders.

Mr. Kierans also referred to Noranda. That company, far from being taxed to death as the Mining Association claims, this year has run up profits which are 60 per cent better than they were in 1973, when they were at an all-time high. Noranda invested $63 million of those profits in other companies and increased its working capital by another $61 million. The president of Noranda rejected the suggestion that the company should pay out, as customary, 50 per cent of its earnings in dividends. He said it made no sense to do this in view of the tremendously increased amounts of money needed for capital development in the mining industry.

Mr. Kierans points out that investors, be they individuals, pension funds, insurance companies or trust companies, are not foolish. If corporations are not willing to pay dividends, investors see no sense in investing money. The result is that although corporation profits are at an all-time high, share prices have come down. He was referring not only to International Nickel and Noranda but to most other corporations as well.

Mr. Kierans says, and I agree, that corporations are not interested in the welfare of the people of Canada or in the welfare of their own shareholders. As I said earlier, Mr. Kierans is not a radical, is not a socialist, is not one who thinks Canadian corporations should be taken over by the state and put under public ownership.

What does he think should happen to the mining companies and other corporations of this country? He says:

> It is high time that the government prevented takeovers and mergers and gave these giants three choices—reduce prices, increase dividends to shareholders, or pay taxes on the excess profits. Perhaps a combination of all three.

I ask members: has any of this happened? Prices have not been reduced; they are going up. Dividends have gone down, if not in actual dollar terms then in percentage of profits. The percentage of profits now paid out as dividends is much smaller than the percentage previously paid out, and the rest is used for exploration and for moving into fields in which a company has not previously been engaged. This applies not only to Noranda and Inco, but to Canadian Pacific and other large corporations in Canada.

Mr. Kierans also said:

> ... if the government really wanted to reduce inflation, there would be no better time than the present to cut tariffs by 25 per cent across the board. Nothing else would do as much to put pressure on prices, wages, and profits by enforcing efficiency, productivity, and competitiveness, qualities that we are going to need in the coming struggle for declining markets.

We go through the motions. We pay lip service to GATT, but the government has made no serious effort to cut tariffs, to make Canadian corporations more efficient and

[Mr. Orlikow.]