resources. A year from now there may be a big increase in the price of a raw material which produces enormous revenue to a province, from a source other than petroleum. Is the Minister of Finance then going to introduce some other makeshift fiscal arrangement with that province in order to accommodate himself to the difficulty?

I am not going to oppose the bill, and perhaps there is not time now to do something like this, but I say in all seriousness that it might be far more honest, far more open and consistent with the principle of the equalization formula not to arbitrarily remove fractions of revenue for equalization purposes. It might be far more satisfactory to go back to the concepts developed by Premier Manning and to recognize that the revenue that comes from a non-renewable resource in a sense is quite different from provincial revenues derived from other sources: it is a wasting asset. This problem and others that might arise as a result of sharp increases in the price of raw materials and minerals might be avoided, without the necessity of makeshift legislation, by introducing a concept upon which the federal government and the provinces could agree as to what percentage of revenue from petroleum and what percentage from other minerals should really be considered revenue and what should be considered something to be put aside to cover a depleting asset for the provinces.

I do not want to take any more time, Mr. Speaker. I wanted to make the point that, while I do not oppose the bill going to committee and while I recognize the Minister of Finance has a problem that is a hardship not only for the treasury but for the people of Canada in the form of taxation, I suggest that the means he has chosen constitute a very sharp and sudden departure from the principles that the Government of Canada adhered to for years. It involves a departure from the principle of equalization as it has been developed. While something like this must be done, I suggest that a better way could be found, a way that would endure without the federal government and the Minister of Finance having to stand on their head every two or three years to meet some new development. The minister could avoid the necessity of having to reverse himself from time to time in the so-called national interest.

Mr. David Orlikow (Winnipeg North): Mr. Speaker, members of the New Democratic Party in parliament have always supported a strong federal government; they have always taken the view that if the economic and social welfare of the people of all parts of Canada is to be improved, if there is to be any kind of equality among the various regions of the country, then the federal government must play a very important role. Through its economic policies and its tax policies, it must see that the people are treated equitably.

Over the years, federal-provincial tax-sharing agreements went a long way toward meeting these objectives. Until a year ago agreements were arrived at after a good deal of discussion and compromise on the part of both the federal and the provincial governments; they were not unilateral decisions made by the federal government and imposed on all the provincial governments. But here, Mr. Speaker, we have proposals which are being rammed down the throats of the people and the provinces. To the best of my information, every provincial government, Conservative, Liberal or NDP, has objected to the unilateral decisions made and being implemented in the minister's last budget and in this proposal.

We have been told by the Minister of Finance (Mr. Turner) that the federal government could not afford to make equalization payments to the provinces on the same basis as it had until the recent sharp increase in the price of oil and natural gas internationally and the proposals by the provinces of Saskatchewan, Alberta and British Columbia to sharply increase the taxes or royalties they obtained from the sale of oil and natural gas, particularly for export.

We reject that argument, Mr. Speaker. It is a unilateral decision and we think it is unfair. We reject it because we know that the whole taxation policy of this government continues to be very unfair, continues to be inequitable and continues to press too severely on individual taxpayers, particularly those in the lower and middle income brackets. It continues to give great concessions to corporations, particularly those involved in the development and sale of natural gas, oil and minerals which are almost completely owned and controlled by multinational corporations.

● (1550)

I shall spend some minutes demonstrating the truth of my statements and showing how government tax policies have been of benefit to those in middle and upper income brackets. I shall consider the effects of indexing, a measure proposed by the official opposition and adopted by the Minister of Finance. According to the government's own figures, the benefits of indexing rise as income increases. For example, according to federal calculations the tax saving since 1973 accruing to a married taxpayer with two dependent children under 16 years old is under $10 if the taxpayer earns $4,000, about $200 if he earns $8,000, close to $600 if he earns $20,000, and about $1,300 if he earns $50,000. Clearly, indexing is of greater benefit to those in middle and upper income brackets.

The government apparently wants to preserve and protect the interests of large business. Let me quote part of the cogent analysis which the then minister of finance for the province of Manitoba, Mr. Cherniack made at the federal-provincial meeting of December 9 and 10 last year. He said:

> The two-year fast write-off for manufacturers has been extended—despite the fact that there is no substantive evidence of its impact as a job-creating measure, and despite the fact that, even before the extension was announced, capital expenditures in manufacturing—which the measure is designed to stimulate—were expected to increase by 38.6 per cent.
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> Manufacturing and processing industries continue to pay tax at only a 40 per cent corporate income tax rate—a rate lower than that applied to individuals with taxable incomes of $12,000.
>
> Mining and petroleum corporations have their tax rates increased to 50 per cent under the budget proposals, and then effectively cut to 35 per cent if provinces do not take up the additional federal abatements. Yet, these industries, according to the latest available data, pay corporation income tax on under 15 per cent of their book profits—that is, profits determined in accordance with sound accounting principles. Although these figures pre-date the 1972 tax measures, we have seen no evidence to suggest any major change has taken place since that time.