

Income Tax Act

Marchand, president of the confederation of national trade unions, and so on. Here is Senator McCutcheon.

Mr. Pickersgill: A great Liberal.

Mr. Diefenbaker: There had to be the odd Tory in the whole lot. I wanted to show the mix. What did these people say? Mr. Fowler is the first on the list of signers of the statement.

The Canadian budget of June 13, 1963, proposed a number of measures having adverse implications for United States private investment in Canada. Regardless of the reasons which impelled the Canadian government to take this step, its net effect will be to impose discriminatory tax treatment of foreign investors in Canada, thereby negating one of the fundamental principles of a free capital market.

They are still doing it. Troubled Canada. I wonder how often the Minister of Finance reads his theorizing of past days. Troubled Canada.

Although the proposal was substantially modified both administratively and substantively during the weeks following the presentation of the Canadian budget, the remaining provisions still clearly involve not only administrative complexities but also discriminatory tax handicaps for a broad range of Canadian industries.

Many of these men are supporters of the Minister of Finance and the Prime Minister. The Prime Minister cannot disavow this. He kept telling us "The Minister of Finance has got a plan. Just wait. We are not going to act spasmodically; we are going to act effectively. We have got a plan." What did the Canadian-American committee say?

In consequence, they—

The discriminatory handicaps, —have already generated uncertainties with respect both to business conditions in Canada and to the outlook for the Canadian balance of payments— Indeed, even before the implementation of these two proposals—

The Canadian and the subsequent American one.

—they have had adverse consequences upon both economies through the confusions and uncertainties which they have generated. The damage already done and the further harm they will inflict if put into effect are of four kinds.

Then the statement sets out what will happen.

—they will tend to inhibit and to complicate the development of closer and freer trading relations between the two countries.

While the minister does this the Minister of Trade and Commerce is giving an interview the day before yesterday, as reported in *La Presse* of Montreal under the headline "Free Trade With the United States" with a question mark after it. "This is not Puerto Rico", he said. While the one interferes with our trade and expansion the other, who may be the practical one, talks of what is going to be done to bring about closer relations.

The statement of the Canadian-American committee goes on to say, and I emphasize this:

—the tensions and uncertainties produced in financial relationships will undoubtedly spread—indeed, are already spreading—to other aspects of Canadian-American economic relations. A retreat from interdependence in one area will inevitably precipitate retreats in other areas.

Sir, can you imagine a stronger, a more incisive, a more definite criticism of the very things we are asked to pass? What remains in this bill are the remnants of a budget that has been chiselled down, altered and changed. Yet there are two items still in the bill that are part and parcel of what Bruce Hutchison has called the academic philosophy and economic quackery that have found a place in the budget.

I am not going back over the circumstances under which the budget was prepared. It was generated in suspicion of the civil servants. The three whiz kids were brought in, but even after all the examination that has taken place these dangerous items that were pointed out by the Canadian-American committee still remain in the bill.

A Canadian delegation went to Washington in September to seek some kind of new deal to balance our trade. When they returned it was said they had found that the United States showed no understanding of the Canadian problem. There has been a frightful degradation in our relations with the United States in a few months, all of it going back to the tinkering that went on in the preparation of the budget.

The Prime Minister spoke in Halifax on October 22 and said, to use his words, "There is a continuing dialogue going on between the United States and Canada". I am not going to argue about the fact that it is a dialogue in which the Americans tell us what we should do and as a result of which we, because of the theoretical bungling of these makers of the budget, entered into schemes that had never been weighed by economists or by civil servants. Dialogue. When they went down there a high official, speaking of the Canadian idea that was presented, said "Their ideas are screwy".

You will remember, Mr. Chairman, how a few short months ago all was going to be changed. There was going to be no more trouble. In a matter of six months Canada's position in relation to the United States and internationally has been degraded as never before; all because, according to Bruce Hutchison's definition, the theorists took over and the practical men were kept in the background. But these practical men are coming to the fore, Mr. Chairman. What is going to happen to the theorists? Rumour has it there