

The Address—Mr. McCuish

al 75,000 to 100,000 jobs, double its present output to \$22 billion, creating additional exports of \$12 billion. This could potentially produce another \$3 billion in tax revenues. As I alluded to in the beginning, however, forestry is not without problems which have arisen because of neglect and which require immediate and careful consideration.

Before I go on to discuss these problems I must express gratitude which should be shared by all in this House. The Hon. Member for Prince George-Peace River (Mr. Oberle) has done much to bring this issue to the attention of government and Canadians. His report entitled "The Green Ghetto" is a comprehensive study of the industry's present situation, and details a number of areas of neglect which we would be wise to pay attention to. There is a plethora of woes which are threatening the continued prosperity of forestry. Some of these ailments are man-made and some, of course, are natural. The cure for many of these problems can be found in research and development, and in returning some of the monies which have accrued to the federal Government in taxes.

The biggest problem facing Canada's forest industry is that we are depleting our supply of marketable wood faster than we are regenerating it. Every day a newspaper such as *The Globe and Mail* consumes more than 2,000 trees. Each year we harvest two million acres of lumber, an area the size of Prince Edward Island. The result of such depletion is obvious: we will eventually run out. Research and silviculture, the essential components of reforestation, are pitifully underfinanced by this Government in the face of short-term budgetary considerations. Moreover, if we fail to reforest our land, we are forced to harvest more remote and more expensive resources. The answer to the regeneration issue is to inject nearly twice the money we presently invest.

Our reforestation efforts must make use of the techniques which will assure us of producing marketable wood in a timely fashion. This means that inventories of existing stock must be made and we must incorporate the proper spacing, fertilization and thinning methods. If we implement a worthy reforestation schedule, we will be on the road to guaranteeing ourselves a future in the forest industry.

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Canada will need to upgrade and expand its present forestry labour force. Our chief competitors, the United States, Sweden and Norway, have approximately one forester for every 34,000 acres of land. Canada has one for every 1,100,000 acres. The United States has 40 forestry schools. Canada, to our shame, has but six. In spite of an obvious shortfall in skilled labour we have taken only tiny steps toward correcting this heinous situation.

Another arena in which we are not scoring might be labelled as competition. Our leadership position is being challenged on virtually every front. We are lacking in research and development, skilled labourers, reforestation and export competitiveness. To put it simply, we are not competing, Mr. Speaker. As the President of the Ontario Forest Industries Association has said, "there is no major forest producing nation in the world in

which the owners of the forests, in this case the public of Canada, have taken more out and put less back in". In 1980 Canada invested \$10.55 of new capital in manufacturing plant per cubic metre of log input. In the same year Sweden invested \$22.95 and Finland invested \$21.60. These Scandinavian countries double our investment. As this gap grows it will become more and more difficult to close. In this age of rapid technological change the time factor becomes much more important.

There is no doubt that Canadians, the Government, academic institutions and the forest industry must pull together in order to maintain our competitive edge. Many of the experts involved in this issue feel that the Government must play a leadership role. It can do this by returning a much higher percentage of revenues to the industry and by co-ordinating the various groups which need to be involved.

The first step which the Government might take is to restore some of the recognition which forestry was once accorded. It is somewhat frightening to me that such a labour-intensive industry is represented by an assistant deputy minister in the government. Let us recognize, as we once did, the importance of this industry. Forestry, Canada's number one industry, will prosper only to the degree that we make it prosper.

Some Hon. Members: Hear, hear!

Mr. McCuish: The following words from a United States Supreme Court decision are a good summary of what I have attempted to convey to this House today:

An unwritten compact between the dead, the living and the unborn requires that we leave the unborn something more than debts and depleted resources.

Of the people who attempt to leave something behind, Mr. Speaker, farmers and ranchers rate high on the list of achievement. I do not wish to speak today about their contribution to the Canadian economy. I wish to add my name to the growing ranks of those who are appalled by the treatment that farmers and ranchers are receiving across Canada. Revenue Canada is indiscriminately dealing the death blow to many hard-working farmers and ranchers. It is doing so through the application of Section 31 of the Income Tax Act. Section 31 was introduced in 1946 as a weapon against tax shelter abuses. Lately it is being used to thwart the dreams of enterprising men and women in Canada. According to the Income Tax Act acreage, time devoted to the farm and expectations of profit are central issues in determining an operations tax classification.

The original idea behind Section 31 was good. However, Revenue Canada has now found it flexible enough to use as a destructive and unjust instrument. In the past year Section 31 has been used to audit and reclassify farming operations in what can only be described as a campaign of terror.

People who at one time were classified as full-time or part-time farmers are now finding themselves labelled as hobby farmers. Thus the deductions they were once allowed is now, by an auditor's assessment, no longer available to them. As if to add insult to injury, Revenue Canada on the basis of their new assessment, is telling the farmers and ranchers that they owe back taxes for several years.