

*Income Tax Act*

**Madam Speaker:** The hon. member for Edmonton West (Mr. Lambert) on a point of order.

**Mr. Lambert:** I rise on a point of order, Madam Speaker. I am certain that the President of the Privy Council (Mr. Pinard) would not want to make any false representations to the House, but when he stated that a bill ensuing from a ways and means motion and including a request for a borrowing authority was introduced in 1977, he said that no notice had been given. Madam Speaker, I would like to quote from the *Journals* of 1977, on page 70, where we find the following:

Pursuant to Standing Order 60(11), on motion of Mr. Chrétien, seconded by Mr. Horner, Bill C-11, an act to amend the statute law relating to income tax and to provide other authority for the raising of funds, was read the first time—

Actually, this was based on a motion which covered both points, that is the amendment to the statute and the authority for the raising of funds. I therefore believe that the case which occurred in 1977 is not the same as the present one.

**Mr. Pinard:** Madam Speaker, if I may, I would simply say that I fail to understand what the hon. member is talking about. This does not contradict what I have said. There was a ways and means motion. As I have said, no separate notice was given, and the hon. member has not contradicted what I have been saying.

**Madam Speaker:** The point of order raised is certainly very important. The arguments of the hon. members have been expressed very seriously, for which I thank them, since it will be very useful to me in making a ruling on this point of order. This point has been raised, as the hon. member for Calgary Centre (Mr. Andre) said himself, to ensure that the rules of this House are being followed and not to drag out the debates of the House. I thank them for having acted in this spirit and I also thank all those who took part in the debate. However, this is a complex matter. I shall have to refer to all the precedents which have been quoted and analyse them so as to make a ruling in the best interests of the House of Commons. I shall therefore reserve my ruling on this point of order. In the meantime, I believe that we could proceed with second reading.

[*English*]

**Mr. Andre:** Madam Speaker, I rise on a point of order. I am just seeking clarification of your statement. I recognize the desirability of the Chair being precise in your ruling so as not to encumber future legislators with something done in haste. On the other hand, I wonder in respect of the procedure at this point what position we might be in if, for example, we spend the remainder of this day on second reading and the ruling of Your Honour is that this is not in order and that there must be two separate bills, as I believe to be the case. Are we then today debating a borrowing authority bill or are we debating an income tax bill? In my view those are two separate bills which should be based on the Standing Orders of the House. Therefore I wonder what will be the outcome. Will we be

called back to repeat the initiation of each of these bills should that be your ruling when it comes down?

• (1250)

**Madam Speaker:** I think we can proceed to the discussion on second reading of this bill without prejudice to whatever has been said. I will study the matter and rule later on, but I think this can be done. I do not think the House will find itself in an impossible situation should I rule one way or the other. Therefore we will proceed with the second reading.

**Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance):** Madam Speaker, Bill C-54 now before the House deals, as we have heard, with borrowing authority and a number of amendments to the Income Tax Act. It thus combines those elements of my recent budget and, in some cases earlier budgets, which are in most urgent need of legislative attention. Because this bill is so closely related to the budget, indeed because it flows from the budget I introduced on October 28, 1980, I should like to take this occasion to mention briefly the economic policy strategy outlined in the budget in the light of economic developments over the last few months. I believe this will assist hon. members in judging certain components in the bill.

As hon. members will recall, the basic economic policy strategy in the budget is to pursue a moderate and carefully balanced policy in a period when Canada, like other national economies, is facing a very difficult economic situation. In my recent budget speech I emphasized the need to deal with the inflationary pressures we are facing, and noted the possibility also of some deterioration on the price front due to more rapid rates of increase in energy and food prices. In fact the developments in recent months indicate that there has been somewhat more pressure on food prices than had been anticipated, related to below average yields of some crops and to lower marketing of hogs and cattle. More generally it seems even more clear now than at the time of the budget that inflation is the most serious and intractable problem facing the Canadian economy.

There have, however, been a number of encouraging developments since the budget. There has been a continued growth in employment, with the rise for the fourth quarter amounting to 1 per cent. In 1980 the proportion of the population with jobs was at a record level of 59.2 per cent. The recent trade figures have also been most gratifying, the balance of trade amounting to \$18.7 billion at an annual rate in November, and \$11.8 billion at an annual rate over the last three months. Unfortunately the very high levels of short-term interest rates abroad have tended to offset this strong trade performance and thus the Canadian dollar has been under downward pressure in recent months. Nonetheless, the indications are that the fourth quarter has shown moderate strength, and the actual outcome for 1980 as a whole is likely to be stronger than expected in the fall of last year.

In this context the gradualist approach of the budget, relying upon a balanced package of measures to bring down the rate of inflation gradually and promote employment and