

Income Tax

I do not intend to discuss now the argument as to the constitutional rights of the people of Saskatchewan to decide what they want to do with their own resources. That is clear enough according to the constitution. Nor shall I address myself to an economic argument at this stage. I am simply saying that everything has to be done to go into that conference on April 9 and 10 with the ability to negotiate and compromise. Alberta has agreed not to take steps to set the price unilaterally. It would be a good response on our part to say we do not intend to enact certain provisions in a bill such as this which, as I can point out, is unchangeable unless it is changed by parliament, before sending the Prime Minister into the forthcoming conference.

In the period between now and April 9 the minister should consider going one step further, that is, putting on the table the parameters of a deal around which he thinks a settlement can be reached. To send the Prime Minister into that conference without setting such parameters, without doing any preparatory work in advance, can only guarantee failure. Perhaps the minister would consider the proposal I made in the House in January as a means by which the Minister of Finance might extricate himself from this impasse which is so dangerous, not just to the oil companies but to all the resource industries. He might well find there is some merit in it.

I shall be speaking on this subject again when we come to clause 4. My question to the Minister of Finance is this: will he consider asking his officials to bring in this simple amendment which states it is not the intention of the government to proclaim clause 4 and the related clauses except by order in council? The executive would lose no effective power if this were done, but it would mean the Prime Minister could attend this conference in a negotiating mood rather than in a mood of confrontation.

Mr. Turner (Ottawa-Carleton): I was, of course, here in the House when the hon. member for Qu'Appelle-Moose Mountain made his suggestion. I studied his observations very carefully; I put them through the computer, held them up to the light, and so on. However, I do feel that there is enough uncertainty already in the resource field without adopting a new tax, a new approach. I am somewhat concerned about a mechanism whereby a tax bill will contain a discretionary element enabling a government to proclaim when a tax will become operative. I feel this might be derogatory of the right of parliament to decide here and now that a tax is to be imposed. I can recall instances in the past when discretion of that kind was quite properly withheld from a government or from a minister of finance.

I say again that I believe it would inject too much uncertainty into the situation. The hon. gentleman talked about a club. Well, the power to proclaim would constitute just as much of a threat, except that it would be an uncertain threat; neither industry nor the provinces would know when or whether it was to be used.

Another reason for my reluctance to accept the hon. member's suggestion is that I feel it would be a dangerous precedent to use a budget as a negotiating element through the agency of a "proclamation clause". Federal ministers would go to the meeting with the same type of club but one which was held, as it were, in a velvet glove.

We take the position that the federal government deserves a fair share of resource revenue. I believe the hon. member is overstating the situation when he describes it as a constitutional impasse. Some progress has been made. I drew back considerably from my earlier position—I restored the 100 per cent write-off, and so on; Alberta has made significant adjustments; British Columbia has showed some flexibility; there has been co-operation in connection with the Syncrude project. All in all, I hope that when the first ministers meet in April they will do so under the umbrella of a good tone—that there will be room to manoeuvre, on markets' price and I hope these limits will be sufficiently flexible to enable agreement to be reached, particularly in view of the welcome announcement by the premier of Alberta, to which the hon. member has referred, that he will not unilaterally raise prices.

I assure the hon. member that I treat everything he says seriously. He knows what he is talking about. However, for the reasons I have put forward I am reluctant to accept his suggestion.

Mr. Hamilton (Qu'Appelle-Moose Mountain): Perhaps I might continue this dialogue a little further. It seems to me that, in effect, the minister has accepted the argument I was putting forward. The fact is, despite acceptance of the principle that royalties charged by the provinces were non-deductible, the government went right on, the other day, to announce an exception in the case of the Syncrude project. I put it to the minister, as was surely obvious to him, that when he loses his virginity, as he has in this case, by undermining the rigidity of the budget proposals at the very time the budget was under discussion in the House, he cannot expect others to refrain from calling for further modifications.

● (1600)

What I am suggesting here is that if parliament passes a law making all provincial tax and royalties on resources non-deductible, then under my conception of carrying out the executive function it will be impossible for any member of the executive to say that the government will make them deductible unless we come back to the House in order to amend the legislation. Instead of putting the Minister of Finance in such a terrible position that he has no arguments on which to stand, what he should do is to keep his options open.

Parliament will pass this legislation because it has the votes here to do so. My suggestion is that the minister should say he does not intend to have an absolute direction from the parliament of Canada that all provincial taxes and royalties on resource industries should be non-deductible. If my reasoning is correct and they go to the conference on this basis, it is possible to negotiate.

This immediately brings to mind something that most of us fear the most in the federal system, namely, that you unite all provinces against the federal government. When union of the provinces takes place, history has shown that every time it is the federal government that loses. I happen to be a strong federalist. I support a strong federal government. But at the same time the only way we can make the system work is to have consultation rather than confrontation.