

Proceedings on Adjournment Motion

provincial governments. It had been the public's understanding that the proposed legislation would result in a rationalization, co-ordination and simplification of the tax laws rather than a fragmentation and duplication.

It is not difficult to imagine the devastating effects that might ensue should provincial succession duties and/or gift taxes be added to capital gains taxes.

One of the most disastrous effects that is likely to flow from the combined impact of capital gains taxes and succession duties, if instituted in some provinces, will be the incentive thus created for foreign ownership of Canadian farms and ranches. This will happen, we are advised, because foreign owners will be in a position to avoid taxes on both capital gains and succession duties. To the extent that this is true Canadian farmers will be at an extreme disadvantage in competing with foreign investors for ownership of Canadian soil.

We are certain that this disadvantage was not contemplated in the draft legislation.

Mr. Chairman, here again this has been an important issue in western Canada, as I know from the mail I receive and from questions put to me in the boundary areas of Saskatchewan. Farmers there have been facing this problem for some time and are quite concerned about the tax advantages that American farmers would have by coming up here and availing themselves of our natural resources in the form of farmland. I should like the minister or his parliamentary secretary to clarify this point, "We are certain that this disadvantage was not contemplated in the draft legislation." The Cattlemen's Association brief goes on to make the following recommendation on page 7:

We therefore urge the federal government to establish an undertaking with provincial jurisdictions to the effect that, revenue lost to provinces through the discontinuation of federal estate taxes and provincial succession duties be reimbursed from funds made available by the federal government.

To expedite this principle we would recommend further that, should any province impose estate taxes or succession duties;

A tax abatement system be introduced in the federal legislation such that the amount of capital gains tax payable may be abated by the amount of succession duties payable to the province.

As we in the farming industry know, particularly in western Canada, this concern of double-taxation is a very basic problem. Incomes are low as a result of decreasing prices for farm produce, input costs have been accelerating, machinery, repairs, taxes, fuel and high interest rates have all added to the load and any further tax placed on the farmer's back at the present time will be the straw to break it.

May I call it eleven o'clock, Mr. Chairman?

Progress reported.

PROCEEDINGS ON ADJOURNMENT MOTION

A motion to adjourn the House under Standing Order 40 deemed to have been moved.

SENATE AND HOUSE OF COMMONS—POSITION OF STUDY OF CONFLICT OF INTEREST AND POSSIBLE LEGISLATION

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, on Friday, October 22, as recorded in *Hansard* at [Mr. Southam.]

page 8926, I put this question to the Prime Minister (Mr. Trudeau):

Mr. Speaker, if the President of the Privy Council were still here I would put this question to him but since he has departed—

That simply meant departed to Nova Scotia.

—perhaps I might put it to the Prime Minister. Some time ago, under the direction of the former President of the Privy Council, now the Minister of National Defence, the government had given some attention to the question of legislation respecting conflict of interest, having in mind particularly Senators, Members of Parliament and high-placed government officials. Can the Prime Minister say what has happened to that study and whether there is any present plan to bring in legislation in this area?

The Prime Minister replied to my question as follows:

Mr. Speaker, the study was pursued so far as we could within government circles. We discussed it among ministers for our own guidance, but we see no possibility of bringing in legislation in the immediate future.

I have to say, Mr. Speaker, that I was somewhat disappointed in the answer which the Prime Minister gave me on that occasion. This subject of the conflict of interest so far as elected representatives and highly-placed government officials are concerned is a very important one and it has received a good deal of study in the United Kingdom, the United States and in other jurisdictions. Actually, in some of these jurisdictions legislation has been adopted or rules have been laid down to prevent as far as possible a conflict of interest or, at least, to make sure that the interests of certain persons are declared.

• (11:00 p.m.)

As a matter of fact, when the present Minister of National Defence (Mr. Macdonald) was President of the Privy Council certain studies were conducted under his guidance. I have in my hand copies of two sessional papers that were tabled by the former President of the Privy Council. One was tabled on Wednesday, July 16, 1969; this is a document of 49 pages. Another was tabled on Wednesday, January 28, 1970; this is a document of nine pages. These, of course, can be found in the sessional papers' office. The point of referring to them is to indicate that the matter is a serious one to which study and attention have been given.

I do not want to be disrespectful about the Prime Minister's answer. However, it seems to me that on Friday, October 22, he was simply saying to me, "We are all right; we have looked into the matter and find we are quite pure, so nothing more need be done about it." I did not think much of that answer and I was glad to learn that the Parliamentary Secretary to President of the Privy Council (Mr. Jerome) was to give me an answer tonight. Here is his chance. I hope he has a better answer to give.

Mr. J. A. Jerome (Parliamentary Secretary to President of the Privy Council): Mr. Speaker, it is a very important question that we have been asked to answer this evening and I will be happy to do my best to supply the hon. member with something more than he got from the Prime Minister (Mr. Trudeau). I of course have looked at it and have thought about the answer the Prime Minister gave the other day. Although the hon. member has put his own interpretation on it, that being, "We are pure and do not need to do anything more." I submit that it is the kind of answer that can be interpreted in many ways.