

Oral Questions

from the program of prices at the farm gate, and given the fact that the Canadian Labour Congress have mounted a half million dollar campaign to oppose the government's program, how does the Prime Minister expect to sell this program to the people of Canada, if the vice-chairman of the board has doubts about it and organized labour in Canada is going to oppose it?

Right Hon. P. E. Trudeau (Prime Minister): Well, Mr. Speaker, I would need to ascertain what the Vice-Chairman of the board said. I have not heard the quotation to which the hon. member refers, but I am sure if she accepted membership on the board knowing what would be in the white paper and the legislation, the interpretation given by the hon. member could not be the correct one. As regards labour, I repeat what I said yesterday. We were given a very fair hearing by labour. Obviously, we have not led them to change their minds yet but I hope the meetings we had and the suggestions which were made, invitations made to them to improve any aspect of the plan they thought was deficient, will bear reflection on their part and that they will come around to seeing that not only will this plan work but that it must work if we are to prevent this disease of inflation from crippling our society.

ANTI-INFLATION PROGRAM—GOVERNMENT INTENTIONS WITH REGARD TO ENFORCING REGULATIONS

Mr. James A. McGrath (St. John's East): Given the fact that unenforceable law is bad law and faced with the proposition that organized labour in Canada has indicated that it will not support the program—indeed, that it will campaign against the program—and this in the midst of a potential wage settlement by the government with the postal workers which will destroy what credibility is left in the program, I ask the Prime Minister if it is his intention to assure the House before the bill now in committee is passed by parliament that the government intends to enforce this law and that it intends to meet again with the representatives of organized labour to ensure that some kind of compromise can be worked out, because we all realize the stakes are high.

Right Hon. P. E. Trudeau (Prime Minister): It goes without saying that a law voted by this parliament will be obeyed by all the citizens of this country.

ANTI-INFLATION PROGRAM—ABILITY OF MULTINATIONAL CORPORATIONS TO AVOID PROFIT CONTROLS—GOVERNMENT ACTION

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I have a question for the Minister of National Revenue. Since the success of the government's policy in controlling price increases is dependent upon an accurate knowledge of profit levels, particularly of those of multinational corporations, I should like to ask the minister whether he can explain the statement by Mr. James Gourlay, director general of audit for Revenue Canada, reported in the press today in which he said with reference to the profits of multinational corporations:

These companies don't move today unless they know all the tax laws and then they just run around them. They can do it in such a way that

[Mr. McGrath.]

you really can't point the finger and say "You have done something wrong".

The substance of his comment was that hundreds of millions of dollars are lost annually in this way. Would the minister explain how the government hopes to control price increases through the profit control mechanism, particularly in connection with multinational corporations?

Hon. Jack Cullen (Minister of National Revenue): One of the obligations I feel the Department of Revenue has is to secure the best available expertise, as much expertise as possible, to see that these end runs do not take place. Part of that operation, as I think Mr. Gourlay explained, is the work of the Inter-American Centre for Tax Administrators where we look into that aspect on a binational basis. In mid-November I shall be meeting with my opposite number, Mr. Don Alexander, the Commissioner of the IRS and with regard to such action as the multinationals are taking, we hope to get them where it hurts.

Some hon. Members: Hear, hear!

Mr. Broadbent: The minister did not tell us precisely in what way the government plans to make changes in order to avoid the situation so described. Is it his view that the statement reported in the press is accurate and that we are losing hundreds of millions of dollars in tax revenue? If so, what precise steps has the hon. gentleman in mind to plug this major loophole in the control program?

Mr. Cullen: I can do no better than quote the words of my predecessor who said at one time:

It is important that we collect from multinationals the correct amount of tax based on income earned within Canada so that other business enterprises and individuals are not required to pay more than their share.

That is our goal and we shall do our best to see that we attain it.

● (1120)

ANTI-INFLATION PROGRAM—PROVISION FOR REINVESTMENT OF EXCESS PROFITS—GOVERNMENT POSITION

Mr. Edward Broadbent (Oshawa-Whitby): The minister is sounding like his predecessor. I should like to ask the Minister of Finance a final supplementary question pertaining to another kind of loophole in the price control mechanism. The Minister of Industry, Trade and Commerce was quoted in a speech he made in Calgary the other day as saying that excess profits would be permitted well beyond the guidelines if these profits were reinvested in new capital facilities. Is this not, in the minister's view, the loophole to end all loopholes? Would not any corporation rather expand its investment into new capital facilities rather than pay taxes to the government of Canada?

Hon. Donald S. Macdonald (Minister of Finance): Mr. Speaker, I think the hon. gentleman is referring to the special levy that we have proposed regarding exports. We think it is very likely that the export revenue of Canada will recover, and the proposal is that the special levy on export revenue should be refundable if it is to be invested in new capacity in Canada, which I think it can be said is in the interests of all of us.