

will". This government certainly intends to control the subsistence of an ever increasing number of people.

Power so assumed is applied in an ever increasing way against both private business and industry. We pretend to hold out incentives to industry to increase their productive capacity and to create jobs by enticing them to undertake marginal schemes. Often companies invest their time and capital and risk the sound base of their existing operations only to have the rules of the ball-game changed as soon as the enterprise shows any sign of success.

In the case of the oil industry, it appears to be the strategy of the government to create a climate which will eliminate any margin of profit and then to accuse the company of not being prepared to risk any capital in the pursuit of new resource exploration. This, the government hopes, will give it the excuse it needs to take over the industry and to produce the resources at cost. However, unfortunately for Canadians, Mr. Speaker, the cost of any government-produced service is usually double that of a private enterprise service.

This bill, as it relates to resource taxation, leaves no doubt in my mind as to who the rip-off artists are. The federal government has now found a way to tax corporations on income they have not even earned. After the imposition of royalties, which in some cases makes it difficult to market the product outside our country, the government also participates in the profit sharing on a fifty-fifty basis. It has also become necessary for provincial governments to protect themselves against the central power structure. In some provinces in western Canada we have governments which hope to protect themselves from federal taxation by nationalizing certain industries themselves. Crown corporations are, of course, not subject to federal taxation, but I conclude from reading between the lines that this will change in short order.

Premier Barrett of British Columbia, who has established a Crown company through which all natural gas must be marketed, finds that the imposition of a federal tax will not be based on what he steals the gas from the company for, but on what the federal government considers a fair market value. A Canadian author, in a recent publication, worked out a solution of joint ownership of mines between the federal government and provincial governments. He had in mind, also, the danger of foreign ownership in Canada. He said that the solution is for Ottawa to get the ore and the provinces to get the shaft. Incidentally, Mr. Speaker, the costs of the various battles in the war of resource taxation in which both senior governments engage are meanwhile, of course, passed on to the Canadian consumer.

What is most disheartening about the approach applied by successive Liberal governments is the lack of understanding of the very special problems facing Canadians, which are vastly different from those faced by countries whose taxation systems we have followed. The cultural, emotional and psychological make-up of our people plays as large a role as the geographic and climatic conditions of our vast land. In a developing country like ours it is essential to realize that real income is not paper money

Income Tax

that can be printed at will, but goods and services, and that somebody must produce these goods and services by dint of hard work. Individual Canadians do not fare well against the government in keeping ahead of inflation. The "borrow today and pay later" attitude works only for those who crank the handle of the printing press and those who do not need to borrow at all. However, a very significant number of our people have no choice but to borrow at interest rates of 16 per cent and 24 per cent to afford even some of the most essential amenities of modern living.

One would expect the tax system to be designated to encourage people to invest their money in more durable goods such as a family home instead of a new car every year. But anyone who expected the tax measures of Bill C-49 to bring some solution to the Canadian housing crisis was, of course, very disappointed. Had the minister been serious about attracting private capital to the housing market, I am sure he would have known what to do. The allowance for deductions for tax purposes of interest earned on capital invested would have been a solution and would have brought interest rates on housing down to a manageable level.

Mr. Speaker, what the minister's budget and his tax measures demonstrate to me most of all is that the present system of monetary and fiscal management is tired and old. It is so particularly since world trade is no longer carried on in a nice, cosy atmosphere and by rational, responsible world bankers. The third world and the communist countries have learned to use the tools of our own trade and are beating us with our own weapons. It is time we forged new tools and a bold, new system was worked out.

• (1620)

That, Mr. Speaker, brings me back to what I referred to earlier in my speech, namely, a system to which many modern economists have become attracted, known as "commodity monetization". In a narrow sense, we already practice the system with wheat from the prairies. I think the Minister of Agriculture (Mr. Whelan) has also tried it with eggs, but he did not realize, of course, that only durable goods can be incorporated in such a scheme. The underlying principle would be to base the supply of money on the inventory of our resources in a finished or semi-finished state. A board could be set up to manage commodities such as oil, lumber, copper, nickel, aluminum and others. Only under depressed market conditions would the board become active, by buying up the troubled commodity at a price above but close to the cost of production. This would, of course, regulate the domestic price of such a commodity and, as is done with wheat, the government might decide to further subsidize the price for trade within our own country. My speech is so good that the Minister of Finance is coming to join us. I welcome the minister: he is obviously entranced with my speech.

After the recovery of the world price to the point where it would be more lucrative for companies to sell abroad, the commodity board could, of course, continue