

*Finance*

province where the provincial government now has control of a vast majority of the generation and distribution of electric power. We have had innumerable promises from the provincial government that the rates would be lowered. They were lowered by a very small amount a year or two ago but nothing commensurate with the savings the provincial government had made by the elimination of the corporation income tax in the operation of these concerns. I would suspect this will happen again.

While the present situation in the electric power industry means that this bill will have very little significance with regard to transfer of funds from federal to provincial hands, nevertheless with regard to gas it probably will be quite significant. Even more important than that, however, is that it seems to me it is setting a rather dangerous precedent. If we are to make this rebate on behalf of gas and electric power, why do we stop there? What is to prevent us continuing the process into other fields which also rely on the use of natural resources? I have in mind my own province of British Columbia where our largest industry is totally dependent on a natural resource. I am speaking of the forest products industry with its related industries of pulp and paper, lumber and plywood. If the provinces are to receive a rebate on behalf of the electric and gas companies, what is to prevent them being granted a rebate on what the lumber companies have paid? Perhaps they should have a portion of that.

It seems to me that in this way we will continue the process of erosion of federal control over the economy which has been a feature in Ottawa in the last several years, a dangerous trend which will lead to still more trouble in the future than in the past, particularly when we take into consideration that these companies have had and are still enjoying tax concessions. As the minister pointed out, some 2 per cent less than the general rate of corporation income tax now is imposed on these companies. They have had that advantage and now the provincial governments are to get a further advantage.

I would feel happier about this if I had some confidence that the people who are customers of these companies were going to receive some benefit from it, but I really cannot see any hope, even in this legislation, that that will be the case. It seems to me purely and simply to be another concession to the powerful provincial governments and another

erosion of federal power for which we will pay a heavy price in the future and for which the Minister of Finance will pay a heavy price because his problems will be made more difficult. He has selected this one particular type of business and said that we will give it special treatment. Why do we not deal with the pulp and paper, aluminum and other industries in the same way?

Another point I should like to stress is that I do not think anybody today would argue with the fact that it has been considered by a growing number of people to be in the public interest that public utilities engaged in the distribution of electric power and gas should be in public hands. I doubt that any government in Canada would suggest putting the clock back.

● (5:30 p.m.)

I cannot conceive, for instance, of a government of Ontario deciding to abolish Ontario Hydro and I cannot conceive of a government of British Columbia putting the clock back and returning electric power generation and distribution to private hands.

Public ownership of utilities is obviously a trend that is being followed in this country. Why introduce legislation that will put the brakes on progress in that direction and a brake also on any attempt to follow a safe course with regard to another utility which is going to become of greater importance to the country and which involves the distribution of gas throughout Canada? Obviously this is a field in which public ownership is the inevitable end in view if we are going to have some concern for the consumer and some concern for the health of our economy which depends to such a large extent upon the distribution of power in its various forms.

I should like to register my very strong opposition to this bill. I hope that the Minister of Finance will perhaps experience another conversion such as suggested by the Leader of the Official Opposition (Mr. Diefenbaker) and that I may convert him to the point of view that it is in the public interest that public ownership of utilities be encouraged and not discouraged as this legislation proposes to do.

[*Translation*]

**Mr. C. A. Gauthier (Roberval):** Mr. Speaker, I only wish to say a few words on second reading of Bill No. C-211 to tell the minister that we are in favour of it because, under this legislation, part of the income tax payable by certain public utility companies