

Income Tax Act

Mr. Andras: We are starting to climb back.

Some hon. Members: Oh, oh!

Mr. Andras: All patience is virtue, the hon. member will learn, as I am learning. I think the President of Privy Council would say the same thing if he were in my place.

Mr. Baker (Nepean-Carleton): Mr. Chairman, I think the Parliamentary Secretary to the Minister of Finance put a proposition to the House and directed an answer to the hon. member for Thunder Bay-Nipigon in which he said that the government of the day must have known; either that or it was inadvertent that this occurred. I think that is a very serious thing. The hon. member who was on his feet and was about to speak was a member of the government of that day. Perhaps he can tell us what the facts are. We have been trying to find out for a year and a half.

Mr. Andras: Mr. Chairman, I will forgive the hon. President of Privy Council, for whom I personally have great respect, as he well knows, for his continuing apparent desire to have the opposition share the responsibility for governing. It seems to come up in almost every action they take or comment they make.

Mr. Baker (Nepean-Carleton): Just up to May 22.

Mr. Andras: It seems to come up when they get into a little difficulty with their new responsibilities which they have enjoyed very much as of May 22.

Mr. Baker (Nepean-Carleton): Just answer the question.

Mr. Andras: Both he and I have been around this House too long to fall into the little games which he is suggesting. Mine is the more serious question for exploration. If the hon. parliamentary secretary is applying this particular comment of some considerable criticism to this particular transaction, then he seems to be implying in the course of his words that Crown corporations, those corporations owned and controlled by the government, whether it be the federal government, provincial governments or what, should be treated differently than private corporations regarding the tax law. Of course the next step would be with regard to any other Crown corporation.

The whole purpose of establishing Crown corporations was to let them operate at arm's length. In the hypothetical case that there was some consideration of a change to this particular section of the act in the minds of government members and the Minister of Finance, is he seriously saying that until it was approved by Parliament, which is quite properly the only authority in this situation, all Crown corporations supposedly established with detachment at arm's length should begin to operate under a hypothetical regime which might or might not be proposed in the final analysis to Parliament, which might or might not be passed by Parliament?

If the hon. member really explores that doctrine, I think we will find that we will have one holy mess every time there is a thought in the Department of Finance, or in any other depart-

[Mr. Baker (Nepean-Carleton).]

ment of the government, as to what actions or guidelines will be followed by the agencies and Crown corporations of his party's government. In other words, until such time as Parliament approves, how in goodness name will there be any clear signals, except those which are the laws of the country or the directives of the government officially endorsed by Parliament? How on earth will they go down that slippery slope and have anything but chaos in the administration of Crown corporations?

Mr. Pepin: Resign, apologize.

Mr. Ritchie (York East): Mr. Chairman, this is a debate which could go on for a long time.

Mr. Prud'homme: You started it.

Mr. Ritchie (York East): I have no doubt that it will, in quite another context than the one before us today. It seems to me fairly simple. No matter what is said about the independence of Crown corporations which vary in independence, this particular Crown corporation all along was argued for as an arm of government policy, as a window on the industry, as a means of controlling and influencing the industry, as a means of accomplishing things which it is claimed the private sector would not do. This particular Crown corporation is not a Crown corporation like some others. It is true, the minister is absolutely right, that there is no reason in normal circumstances for—

Mr. Breau: The "former" minister.

Mr. Ritchie (York East): The former minister, thank you. There is no reason for a Crown corporation which operates reasonably independently even to know about changes which will be made in an immediately forthcoming budget. It may well be in this case that no one concerned knew, even the deputy minister and other officials who sat on the board. I do suggest that from the standpoint of the government of that day, which recognized a glaring deficiency in the tax act, circumstances that were not anticipated but which existed at the time and which involved an increase equivalent to nearly 33 per cent in one month, it is unfortunate that it was not anticipated and corrected and that this major step was allowed. That is all one can say. Certainly the word "complicity" does not necessarily mean something illegal, but certainly I think this was unwise.

● (1440)

Mr. Breau: Mr. Chairman, I have just one further comment to make. When the parliamentary secretary was speaking earlier he said something to the effect that someone wanted to get under the deadline to make use of the income debenture provisions of the Income Tax Act before the change. I am sure the member did not want to leave the impression that someone knew that the Minister of Finance intended to make this change in his budget. That minister probably made the decision about what was to be in his budget a day or two before presenting it to the House. Surely the member does not want