

*Provision of Moneys to CNR and Air Canada* dictate terms, and this is what is happening here.

When seeking an answer for my constituents with regard to this \$19 million I managed to get a copy of the budget papers of the Canadian National Railways. On page 4 there is the heading, Canadian National Railways—Capital Budget, Year 1969—Branch Lines Construction. Construction of new branch lines was authorized for the Windfall Extension, Amesdale-Bruce Lake and Stall Lake-Osborne Lake. I do not remember the expenditures for these three branch lines coming before the House, but perhaps they did. The budget shows the cost as \$11,610,000. Why does the minister then ask for \$19 million? Why does he want the cushion of an additional \$7½ million? That is what I cannot understand. Even if he includes the Roberts Bank spur and the Nanticoke spur which amount to somewhere in the neighbourhood of \$5 million, that still leaves him \$2 million in hand.

To return to the minister's speech of November 13—and I do not know whether he read *Hansard* or not—the last half of the paragraph referring to branch lines does not make much sense. However, I shall read it for what it is worth:

Second, the bill contains a provision authorizing the Canadian National Railways to borrow \$19 million for financing all branch line construction. Up till recently each special statute for construction of a branch line has included authority for financing its construction and branch lines not requiring special legislation have been financed out of self-generated funds.

I should like to ask the minister what is meant by "self-generated funds"? Is it this the cushion of \$7½ million which he is asking us for now? This is the part I could not understand:

In addition to covering all branch lines the provision in the resolution and the bill based upon it are consistent with the intent of reflecting in the financing and guarantee bill all the financing authorities which the Canadian National Railways require.

Now, to me, there is no sense in that statement or statements, whichever it is. I do not know whether it is the punctuation or whether a line has been left out but it is not a satisfactory answer to the House of Commons, and is another reason why I suggested that all western members should support this particular amendment to the bill.

I should like to refer for a moment Mr. Speaker, to a couple of points brought up by the Premier of Saskatchewan. Although a Liberal, I think his attitude is very sound in this regard and I should like to put part of his

[Mr. McIntosh.]

remarks on the record of the House of Commons. He said, or is purported to have said:

"We believe adoption of the white paper in its present form would be a disaster to western Canada."

The article continues:

Mr. Thatcher said increased exemptions for low income groups are welcome, but only a small part of the white paper represents tax reform. "Most of the paper is simply a proposal designed to raise more revenue through an entirely new form of taxation—a tax on assets."

Now, Mr. Speaker, perhaps there is a very remote connection between the white paper on taxation and the bill proposed today but I suggest that Premier Thatcher has hit the nail on the head with that statement, because the net result of the white paper on taxation is an increase of over \$2½ billion in our taxes. The people affected by this proposal should not have been taxed in the first place. The ultimate result of the white paper on taxation will be increased taxes for those who cannot afford to pay.

• (3:40 p.m.)

He went on to say:

It will mean increased taxation for the middle-income group, small businessmen, co-operatives and resource industries.

In western Canada today our resource industries are developing and can ill afford to bear the burden of additional costs.

The other day, on picking up the *Financial Times* of Canada for December 1, I was amazed to see certain figures. At first, I thought they were wrong. However, in view of the fact they appear in the *Financial Times*, they may be right and mine may be wrong. I will not read the entire article, but part of it reads:

As Canadian exports to the U.S. increased, the commission found, the U.S. industry went increasingly into oversupply. Prices dropped from a 1966 high of \$22.26 a ton to about \$10 now.

The article then says that Saskatchewan officials will meet railway officials,

—to discuss the railways' proposal to raise the basic potash freight rate to \$8.91 from \$8.37 a ton.

If these figures are correct, if our potash producers only get \$10 a ton and have to pay transportation costs of \$8.91, where is the profit, I ask? Where is the incentive for businessmen to continue operating in the potash industry? Any normal businessman will obviously say, "This is a losing venture." The development of our resource industries is of benefit to all Canada. We ask this government