

ORAL QUESTION PERIOD

TAXATION

WHITE PAPER ON REFORM—SUBSTITUTION OF CO-ORDINATED EFFORT BY FEDERAL AND PROVINCIAL GOVERNMENTS TO WORK OUT POLICY

Hon. George Hees (Prince Edward-Hastings): Mr. Speaker, I should like to direct a question to the right hon. Prime Minister. Because of the obvious need for close co-ordination between federal and provincial tax policies, and because of the wide differences of opinion expressed in the conference during the weekend by the provincial and federal governments on the important question of tax reform, and because all Canadians are equally affected by provincial and federal tax policies, would the government seriously consider the possibility of substituting for its present proposals as listed in the white paper a co-ordinated effort between federal and provincial governments aimed at working out a policy in the best interests of all Canadian taxpayers?

Hon. E. J. Benson (Minister of Finance): Mr. Speaker, the Ministers of Finance and provincial treasurers met in Winnipeg at the weekend. Three submissions were made by the provinces which had not been reviewed by the federal government up to that time. The Ministers of Finance and provincial treasurers agreed that we should analyse the submissions which had been made and discuss them at a later time. We intend to do this.

THE CANADIAN ECONOMY

INFLATION—PROPOSED SIX PER CENT WAGE INCREASE LIMITATION

Hon. George Hees (Prince Edward-Hastings): I have a related question for the Prime Minister, Mr. Speaker. As the federal government has no plans to enforce the 6 per cent wage guideline which was outlined at the Winnipeg conference, and as the President of the United Automobile Workers, the body which sets the pattern for wage agreements on the North American continent, has stated flatly that his body will have nothing to do with the government's 6 per cent limitation on wage increases, does the government have any reason to believe that its present proposal in the form of the 6 per cent guideline has any better chance of success than various other proposals put forward to organized labour over the past year through the Prices

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and Incomes Commission? If it does so believe, what are the reasons?

Right Hon. P. E. Trudeau (Prime Minister): Well, Mr. Speaker, these reasons are very simple to give. We believe in the democratic process and we believe that there is some merit in appealing to people when the public interest is at stake.

An hon. Member: Hear, hear!

Mr. Trudeau: We think that by explaining—

Mr. Hees: You have one fan, at least.

Mr. Trudeau: Mr. Speaker, I see that there is not very great support for this on the other side of the House. Apparently those hon. members do not trust democracy to work. They think you have to use a big stick and statutory measures to force people to act for the common good. On this side of the House we believe in taking the first step first and appealing to the people to use their own sense of voluntary co-operation in order to combat the evil of inflation. We hope that the people will understand what the public interest means better than the opposition does.

Some hon. Members: Hear, hear!

Mr. Hees: Mr. Speaker, the opposition is even more anxious for this approach to be successful than is the government.

Some hon. Members: Oh, oh!

Mr. Hees: Mr. Speaker, as this is the same approach that the government has been failing with during the past year, time after time, I simply ask the Prime Minister, when does Alice expect to emerge from Wonderland into the hard, cold world of reality?

Mr. Baldwin: When is she coming forth from blunderland?

Mr. Speaker: Order, please. The hon. member's supplementary is, I suggest, argumentative.

INFLATION—MANITOBA PROPOSAL FOR RESTRAINT ON ALL FORMS OF INCOME

Mr. Max Saltsman (Waterloo): Mr. Speaker, may I direct a supplementary question to the Minister of Finance? In view of the presentation of the government of Manitoba to the federal-provincial conference in Winnipeg for a policy of restraint on all forms of income, including rents, profits, interest and executive