

could dip deeper and deeper for taxation and royalties, with disastrous results for that industry. Throughout the entire province we have seen lay-offs, closures and unemployment brought about by the high taxation policies of the government and its failure to foresee the collapse of the lumber market.

One cannot regard a resource industry as something that will go on forever, as something that can absorb any amount of provincial and federal taxation. And when provincial and federal taxation is combined, then the limit is reached much more rapidly than a lot of people would like to think.

Mr. Armstrong, the president of Rio Algom Mines, speaking about royalties and taxation of the mining industry, had this to say. According to him, these imposts should have two main characteristics as follows:

They must be based on net earnings, not on gross revenue. Otherwise they simply do not recognize changes in operating costs, ore grades or in the debt position of mines. Taxes imposed through the device of royalties are also defective in that they accord no recognition to fundamental differences in the operating characteristics of different mines.

I suggest that some of the voting patterns in the last election and the changes that developed in the province of British Columbia came about because this was understood all through the mining industry, not just at the top but right down through the union leaders and workers. They realized that they had a stake in the mining industry and that the kind of taxation policies embarked upon by the provincial and federal governments would shorten the life of many mines that have been in operation for some time. This is not a problem that concerns only the province of Alberta. Members from every province in the country should be very concerned about the principle that is being asserted here by the federal government, which overrides the constitution and fails to recognize provincial ownership of resources within the boundaries of the provinces.

• (1600)

I would like to speak for a few minutes about old age pensioners and taxation. In this regard I am indebted to the hon. member for Esquimalt-Saanich (Mr. Munro) for his remarks the other day. Let me echo some of the things he said. I, too, received a letter from one of my constituents who has written with considerable thought and feeling. He recommended that the government eliminate income tax for senior citizens on income under \$25,000 per year. The hon. member for Esquimalt-Saanich went one step better, suggesting that this tax be removed altogether. I do not think that would be a bad idea.

I know some old-timers in my constituency who have been surprised in respect of New Horizons' grants, in that the federal government would actually be prepared to hand out considerable sums of money to senior citizens' organizations. I think the main reason they were surprised is that the situation is usually the other way around. They find that everytime they get a little in addition to their income, it is taken back as income tax

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or as a reduction in some other pension or source of income which they felt had been pretty well guaranteed.

Lurking in the background for every old age pensioner is the prospect of overpayment and the problems he will face if he is charged with an overpayment and will have to return the money, out of limited resources, to the federal revenue people. I do not know what it would cost the federal government to eliminate taxes in respect of senior citizens, but I feel it would be a forward step if the government got off the backs of our senior citizens and old age pensioners. The government might then find it unnecessary to spend quite so much money on other programs, as I suspect that these senior citizens would welcome the opportunity to play around with this money. I suggest they would do this in two ways: they would use it for recreational purposes and also, I suspect, they would enjoy the prospect of investing this money themselves.

This move to allow \$1,000 tax free of investment revenue is good as far as it goes. At least we will not have to gather up those little receipts for \$5 and \$10 and attach them to the income tax form, as we have had to do for so many years. But whether this \$1,000 will be of much encouragement, I do not know. It is a start, but I would suggest that for senior citizens far greater latitude should be allowed to assist them to hold on to their incomes. As the hon. member for Esquimalt-Saanich pointed out the other day, we cannot see any other way of providing an incentive to save in this society of ours.

Mr. F. Oberle (Prince George-Peace River): Mr. Speaker, in presenting his budget and the 286-page bill which is before us, the minister said it was the government's program to equitably distribute the nation's wealth. That reminds me of what Sir Winston Churchill once said:

The inherent vice of capitalism and free enterprise is the uneven distribution of blessings and the inherent virtues of socialism is the even distribution of misery.

I suppose that Canadians should be used to the type of presentation which this bill represents because, after all, they have in recent times been exposed to many similar documents, like the Carter report, the Benson papers and, now, the proposed Turner changes. The volume of this paper is not only exceeded by the amount of money it cost to print it and the dollar amounts which are printed on it, but also by the number of people who carried out the task. It took an additional 1,270 people last year to produce this impressive literary accomplishment. This increase in staff brings the total complement of the finance department's paper-pushers to 20,488. That is more than one-quarter of our military defence capacity and does not even include the Prime Minister's own finance department which he is about to create.

The Minister of Finance (Mr. Turner) tells us that his taxation strategy is designed to solve the problems of worldwide inflation and at the same time respond to the recessionary trends that have been threatening our economy in recent times. There is, of course, no doubt—particularly in the minds of people on this side of the House—that the minister's budget and tax proposals are