

countries on the list is Roumania. Roumania has been in the news a lot lately because some of its athletes are very good. It is a communist state, and its citizens are not free to come and go as they wish. Some of them have defected when they have been absent from Roumania on athletic missions. How much do we really know about the tax system of Roumania? Should we associate ourselves in tax treaties with countries such as Roumania when we do not have sufficient knowledge of the workings of their tax systems, although we know a certain amount about their political systems? I think there is room for more study to see whether this is desirable and is the kind of thing we should continue.

Canada appears to be a tax haven for Germans. Canada must be careful about tax treaties with tax havens. It is fairly easy these days to shift large amounts of cash out of Canada into a tax haven from where it can be reinvested, perhaps even back in Canada, and be subjected to a much lower rate of tax even though it is falling into the hands and control of a Canadian resident. This is not the kind of situation which legislators have in mind, but I am afraid it could slip through the system in proposals such as the one before us.

Tax havens are not the only gimmick available to tax planners. For example, the present treaty with New Zealand appears to allow Canadian taxpayers to finance, in large measure, the merchant shipping fleet of New Zealand. One might ask what the tax treaty has to do with that? The existing tax rules have allowed large amounts of money, some \$50 million, to be raised in Canada for the Shipping Corporation of New Zealand, Limited. In any event, that money has been used to increase the merchant shipping fleet of that country. Would it not be nice if Canadian taxpayers, investing that amount of money and losing tax on that amount of money, could receive some of the benefit flowing from it to establish a merchant shipping fleet in Canada?

Ever since I came to the House of Commons, there has been much talk about Canada's merchant shipping fleet; how great it would be for Canada to have one and is it not an awful thing that Canada relies on foreign bottoms instead of its own merchant shipping fleet? Yet this tax treaty allows a gimmicky arrangement which sees Canadian taxpayers largely funding the fleet of another country.

I suppose one of the most notorious shipping fleets in the world is the Liberian one. The Liberian flag is always seen as a flag of convenience. If one spots the dirtiest ship in the harbour of Vancouver it is bound to have the Liberian flag and be based in Monrovia. One might say that that is their industry; but I am pleased to say that through the pressures of the official opposition in committee, particularly of the hon. member for York-Peel (Mr. Stevens), the government has agreed to eliminate Liberia from this bill. Before the government considers entering into treaties with countries such as Liberia and other countries carrying on activities of which we would not approve, I hope we will be able to have a close look at them.

Another country on the list is Korea. We do a lot of trade with Korea. A friendship society is being established with

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Korea, yet there are many differences between Canada and Korea. For example, through the sale of Candu reactors by Atomic Energy of Canada to that country, we know that enormous commissions were paid to non-nationals of Canada and non-nationals of Korea. The explanation given to Parliament, when it was called upon to investigate the situation, was that they do things differently over there. Certainly they do things differently.

I have visited Korea. Its people are very industrious. The people of Korea have done a fantastic job building up the economy through hard work and their different habits. But we must look at its political system as well. Not so long ago the House passed a motion dealing with the sentencing to death of the Korean leader of the opposition, Kim Dae-jung. Mr. Dae-jung is still under sentence of death and his limits, as far as appeals are concerned, are running out. He may be subject to the mercy of President Park Chung Hee before too many days have gone by.

I do not suppose anyone looking at the treaty with Korea and its tax aspects is very concerned about Mr. Dae-jung, but I do not think he is guilty of anything more serious than what the Right Hon. Prime Minister (Mr. Trudeau) might have been guilty of when he was leader of the opposition, or of what the Right Hon. Leader of the Opposition (Mr. Clark) might have been guilty.

There are basic differences in some of these countries. I do not think we are covering any European countries today, but tax evasion is a great sport in Europe. It is not seen as a criminal offence; one can be quite proud if one manages to evade taxes in some European countries. We should be concerned about those things when entering into agreements with these various countries.

Also I must recognize that Bill S-2 has been passed by the Senate. It has received second reading in the House, approval in principle, and the committee has examined it in some detail. Now it is back for third reading, and perhaps this is not the time to make changes. But I appeal to the government and members of the House to ensure, when we negotiate sensitive agreements with countries about which we might wish to know more, that we take a little more care and that the countries have many similarities to our country so that treaties will work in the way expected and in the way they have worked with the United Kingdom, and with the United States, our major trading partner and neighbour to the south.

Some hon. Members: Hear, hear!

Mr. Jim Peterson (Willowdale): Mr. Speaker, I should like to begin my remarks concerning Bill S-2 by complimenting the hon. member for St. John's West (Mr. Crosbie) for the very deft manner in which he was able to piggyback a discussion of Canada's monetary policy on to the back of a bill dealing with international tax treaties.

Because the member raised these points, I feel I am quite entitled to deal with them. He attempted to throw stones and bricks at us. They were not bricks and stones, nor pebbles and sand. He was throwing confetti at our monetary policy. I say