

Income Tax

requirements. I can well remember listening to the Minister of Energy, Mines and Resources saying that if the western provinces did not increase their royalties, the federal government would have to step in to protect its citizens and take measures to increase the government's take from the producing companies.

I suppose it was with a fair amount of chagrin that after the provinces of Alberta and Saskatchewan took the minister's advice and more or less tore up their contracts and imposed new rules for these producing companies that gave them a larger take, they found the federal government saying that the provinces were now encroaching too much in the field of federal taxation, and for this reason the federal government would have to make it impossible for royalty payments to be deductible from income. Nevertheless, there has been a contest for the spoils of these resources between the federal and provincial governments, and it behooves us to question who should get the large amounts of money involved, and who has the largest commitments? The Minister of Finance has had to tax the resource industry to prevent the unnecessary erosion of the federal power, but the whole history of our economic force in the last 30 years has been an accrual of the taxing power at the federal level at the expense of the provinces.

The provinces are in dire financial straits and they need more taxing power. The minister knows this; he has had several meetings with them. One of the reasons why they are in such dire financial straits is that they have had costly social programs foisted on them by this administration, and the preceding Pearson administration, in the area of health, welfare and education. Recently, the Minister of National Health and Welfare (Mr. Lalonde) has been doing all he can to unload as many of these programs on the provinces as possible, at the same time offering them the minimum in tax concessions. The huge expansion of government tax revenue alone more than offsets any great haste to settle the issue with the provinces, because the federal government has had this tremendous amount of money coming in, as we have heard—more than \$3 million a day excess of income over expense in the last month that was reported, December, 1974.

So what has come out of this confrontation? Well, we have hastened the arrival of the day when Canada will be short of oil and when we will have to import more oil than we produce. The added announcement that oil exports to the United States must be cut back and, in the ultimate, cease, makes it obvious that we face a tremendous balance of payments problem in the coming years. In this connection we note that the Americans have been more or less saying that the sky is falling when they have a \$3 billion merchandise account deficit. It is interesting to note that we will have a \$2 billion deficit, a country one-tenth the size of the United States.

In its haste to club western provinces into submission the federal government has considerably reduced the number of golden eggs that the resource industry will lay. We have seen the recent example of Atlantic Richfield pulling out of the Syncrude project. The problem now appears to have been resolved by the fact that the various governments, the federal and the Alberta and Ontario governments, will contribute at least half a billion dollars. But apart from that, statistics also show us that the oil

industry is moving out. The statistics make dismal reading when one considers that the number of oil drilling rigs have been reduced in this country from 240 to 140 in the space of one year.

Surely the minister cannot call his action a magnificent victory for federalism. It is now obvious to all western Canadians, and to all provinces in fact, that they should leave their resources in the ground until economic conditions call for them to be brought out. The alternative is that if they are exploited, the federal government will commandeer all the profits.

The minister stated that the national oil policy, which was instituted in this country in the early 1960s and which reserved the part of Canada which was west of the Ottawa Valley line for Canadian produced oil, had cost Canadians \$500 million. The assumption was that it was mainly those Canadians living in Ontario west of the Ottawa valley line who had put up that money. I think that figure should be put in perspective. It is also a fact that during that same time the prairie provinces paid several hundreds of millions of dollars each year supporting the tariff structure in this country, of which the province of Ontario was the main beneficiary. As a result of the national oil policy I do not think Ontario paid too much for its security of supply.

But there are many factors relating to the economic management of the country that I think could be dealt with, Mr. Speaker. One thing that certainly concerns my constituents, and many other people to whom I have talked, is what the government will do concerning the conversion to the metric system. It will cost an awful lot of money. I do not think that this conversion is in accordance with the policy of restraint. The government appears to be pressing ahead with the introduction of the metric system at a time when we should be encouraging a lower cost economy rather than adding hidden costs that will make it that much more difficult for us to produce goods at an economical price.

● (2110)

Basically the government has not practised what it preached. It has not been showing any restraint. I am in sympathy with the amendment which asks hon. members to put their votes, where their mouths are when they talk about government spending, and actually show that they feel that the government has too much money and could well do with less for the good of itself as well as the Canadian people, and I would ask for support for the amendment.

Mr. Cyril Symes (Sault Ste. Marie): Mr. Speaker, I am happy to have the opportunity to make a few comments on Bill C-49, the income tax bill which is now before the House, and I am equally pleased to see so many government members in their places willing to listen to words of wisdom. I always have a very good audience among the Liberals when I speak. The Tory benches are a bit thin, but that is usual.

Some hon. Members: Oh, oh!

Mr. Symes: There is not much hope for them. The income tax bill before us can be faulted on many grounds, one of which is that it does more for corporations than for