

PROCEEDINGS ON ADJOURNMENT MOTION

[English]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

Mr. Speaker: Before resuming the debate on government orders, perhaps I could intervene briefly to inform the House that at six o'clock this evening, pursuant to Standing Order 40, the subjects to be raised are as follows: the hon. member for Medicine Hat (Mr. Hargrave)—Agriculture—Possibility of import quota for beef in 1978; the hon. member for Victoria (Mr. McKinnon)—Social Security—Negotiations for reciprocal agreement on pensions with United Kingdom—Request for report.

GOVERNMENT ORDERS

[English]

INCOME TAX

MEASURE TO AMEND

The House resumed, from Friday, November 18, consideration of the motion of Mr. Chrétien that Bill C-11, to amend the statute law relating to income tax and to provide other authority for the raising of funds, be read the second time and referred to committee of the whole.

Mr. Fred McCain (Carleton-Charlotte): Mr. Speaker, that was a long wait! Let me try to carry on from where I left off on Friday. I want to cite specific cases where the Tariff Board made recommendations, and compare those with the recommendations of Canadian agricultural organizations. Let me start with mushrooms. The industry asked for a 20 per cent duty on mushrooms, and the Tariff Board recommended 20 per cent. However, the Tariff Board excluded dry mushrooms from its recommendation, recommending 10 per cent for that item. A 10 per cent duty on dry mushrooms gives a great opportunity for substitution of this product and brings about tremendous competition from fresh mushrooms or other types of mushroom products. They can be substituted one for the other, and therefore one undermines the other to the detriment of the mushroom industry in Canada.

Let me go to canned vegetables. The recommendation which the Tariff Board brought in is lower than that requested by the industry. This might have been acceptable if it had not been for the fact that, as I understand the report of the Tariff Board—and I have not had time to study it in great detail—they included canned peas, beans, beets and carrots in the category known as the n.o.p group, and that particular rate is too low. Therefore, with too low a rate on canned products, the first item in their recommendation, fresh products, is sabotaged.

Income Tax

Let me return to potatoes, the processed product. The industry recommended a 20 per cent duty on frozen and n.o.p items. The Tariff Board recommended 10 per cent and 12½ per cent duty, respectively. This represents a 2½ per cent reduction in duty on these items, which in many cases have come under extreme pressure recently.

The rates on n.o.p. frozen vegetables are also too low. This category includes virtually all vegetables frozen in Canada. This, again, is detrimental to the industry which grows the product and processes the frozen product. It is useless to protect a product in part only; there must be consistency in the various duties recommended by the board throughout the entire line of products which come from a particular vegetable or vegetables. There has not been this consistency. Therefore, as a result of unsatisfactory recommendations regarding frozen peas, corn, carrots and mixed vegetables, vegetables as a whole are given very serious competition. Some of these products can actually arrive on our market duty free, or nearly so. Again, they can be substituted for the fresh product. Our competition for the fresh product at any time when the product is in demand is stiff, and thus the Canadian price is depressed.

I want to leave individual items, because one can go through an almost endless list of products regarding which the industry has recommended to the Tariff Board one level of duty and the board has come up with something that is almost satisfactory, but by virtue of the introduction of new classes, or by changing the duty on certain processed products, the board have really negated all the favour they initiated by their recommendation with regard to fresh products. However, I shall not dwell longer on that matter.

I mentioned, perhaps at some length, on Friday that we must be in a position in Canada to impose a surtax at the time damage is done to a Canadian product. The least our negotiators should ask for is a codicil to the agreement. This codicil should trigger automatically when import prices become detrimental to a particular Canadian industry producing fresh, frozen or dried products. If action is not taken immediately, the flow of products can destroy the industry for the entire season.

Let me give the House one example. In 1957 I recall that the inventory of frozen peas in the United States was well in excess of any possible market that they could see. Therefore, they decided to get rid of 10 per cent of all frozen peas in the United States within a period of one or two weeks. The flow of frozen peas into Canada would have totally destroyed the market for the next 12 months had it not been that the government of the day imposed an immediate surtax on imported peas from the United States, thus protecting the small amount of production we had in this country at the time but which has grown since then.

Therefore, an immediate surtax capability, not on any particular or specific basis but on a sliding scale which is applicable at that moment in time when it is needed, must be put at the disposal of the Canadian government in order to protect our agricultural industries. This is the very least that we must