

Income Tax Act

tate that some of these very fancy projects should be reduced and a cut in personal income taxes allowed the many Canadians who are finding it difficult to make ends meet.

Many of my colleagues have spoken at length and are far more qualified in many areas of this particular piece of legislation. I want to make these last few points, however. The bill is so thick, so voluminous that it reinforces what many of us have thought for some time, namely, that tax reform is nothing but a farce. The government is continuing in its ad hocery, band-aid approach. I call on them to drop their blackmail tactics and to introduce a meaningful decrease in personal income tax which will both benefit all wage earners and force down government spending.

I may not be an economist, but any "huckleberry" from Hastings county can tell you that these measures will at least work. They will not require a whole new tax department, and they will be readily understood by all Canadian taxpayers. They have no loopholes in them for expert tax-dodgers, and they would not take 100,000 pounds of paper to work out.

● (1550)

Mr. Howard Johnston (Okanagan-Kootenay): Mr. Speaker, I should like to make a few comments on a couple of aspects of the measures arising out of the budget having to do with the various income tax proposals. We in the province of British Columbia must be concerned about the question of double taxation and the decision of the federal government to disallow provincial royalties on resource income to corporations. The term "royalty" is interesting, but unfortunately the federal government seems inclined to use it interchangeably with "taxation." Nevertheless, it has an ancient and proper meaning and suggests the payment of money to owners. For example, authors receive royalties, song writers receive royalties and provinces occasionally collect royalties because they own the natural resources within their boundaries.

I have often felt that the federal government and its ministers of finance were emboldened by the ruling handed down by the Supreme Court in the late 1960s declaring any Pacific offshore mineral resources the property of the federal government, not the property of the provincial government. At that time, the wiser commentators, while accepting the ruling, pointed out that what should then follow is a working out of a political settlement between the federal government and the provincial government concerned. Yet it seems that on question of natural resources where there is no question whatever as to ownership, the federal Minister of Finance is not prepared to consider a political settlement but, rather, moves to assert the federal position. He has, as one writer in the latest edition of *Maclean's* magazine suggested, reduced the provinces to the level of municipalities. Anyone who is concerned about municipal financing these days knows the unfortunate position that municipalities and cities across this land find themselves in, since their tax resources are so

[Mr. Ellis.]

extremely limited while the demands made upon them by the senior governments are so great.

During this controversy which we have witnessed over the last few months, I have often felt it was a good thing that we in British Columbia had our gold rush before we joined confederation. One can envisage the picture of the early prospectors working for a few months, only to realize that they were going to receive very, very little for their efforts because the federal government was going to get it all. There would then have been a stream of people heading back south carrying their prospector's pans and sluices with them as they moved out of the country that they had so recently entered. Much the same sort of thing has happened in the case of the oil exploration industry in the neighbouring province to mine, a development to which I think the federal government should pay very close attention.

Very recently, the president of Rio Algomina Mines Ltd. and Lornex Mining Corporation of British Columbia spoke to the British Columbia and Yukon Chamber of Mines and had some things to say about double taxation and the application of royalties to resource taxation. He said that one alternative to this situation at the present time is full government ownership of the Canadian mining industry, and suspects that this may well be the real objective of various Canadian governmental authorities. That is an alternative that we in this party would reject out of hand. Direct government involvement in industry is such that it does not give us a great deal of encouragement.

On the previous day of this debate the hon. member for Cape Breton-East Richmond (Mr. Hogan) suggested that the Atlantic provinces might have to wait until they had an NDP government before they got some action to deal with their problems. I would suggest to him that if the provinces in that part of the country examined the situation in British Columbia closely, they would wait a very long time before electing an NDP government in their provinces. Our government in Victoria may not have taken the vow of poverty, but I suspect that they have taken the vow of impoverishment. Certainly they have embarked upon policies designed to fracture industry that has been established for years in the province of British Columbia. According to a recent press report, the Premier of B.C. was recently in the neighbouring province of Alberta giving a good deal of advice to that province and the federal government about the Syncrude consortium of companies that is hoping to develop the Athabasca tar sands. I suggest that the reason he was in our neighbouring province giving that advice was simply to distract attention in British Columbia away from some of the very pressing problems facing the premier there, with regard to which he could well take a good look at the results of some of the policies his own government has implemented.

So far as the timber industry is concerned, the government of British Columbia has treated it as if it were some sort of miraculous pitcher into which it