

an mutual funds to get out of American equities and invest in Canada?

I can suggest a way of doing this. We have imposed a new tax on equities—capital gains. Why not, within our resources, give Canadians a break on capital gains and long-term investment in equities in the resource field? I suggest that the minister try this for size among the mining people, the oil people and the forestry people, and see what their reaction would be. I have here a report of the last meeting of the Council of Forest Industries of British Columbia. I quote from it in all seriousness, particularly for the benefit of members who do not come from British Columbia, and I include Albertans among those. The Minister of State from Calgary South (Mr. Mahoney) has heard this previously when he was a member of the Standing Committee on Finance.

B.C. forest industry is the highest taxed in the western world.

**Mr. Howard (Okanagan Boundary):** What about provincial tax?

**Mr. Lambert (Edmonton West):** Federal taxes plus provincial taxes.

**Mr. Howard (Okanagan Boundary):** What are the provincial taxes?

**Mr. Lambert (Edmonton West):** This is the kind of excuse we get from people like the Parliamentary Secretary to the Minister of Industry, Trade and Commerce. It is always somebody else's fault. Looking at it from the Canadian point of view, what is the competitive position of that industry?

**Mr. Mahoney:** Let's have the rate of federal tax.

**Mr. Lambert (Edmonton West):** It is shameful for the federal government to participate with the provincial government in this, and I am not going to excuse the provincial administration one iota, no more than I will excuse any provincial administration that has escalated its estate tax, another subject with which I will deal later. The report of the meeting stated that in British Columbia:

—the industry's tax burden is the highest in the western world, and has reached the point where various levels of government are now taking nearly 80 per cent of pre-tax earnings.

**Mr. Howard (Okanagan Boundary):** How much is federal tax?

**Mr. Lambert (Edmonton West):** I don't care how much the federal tax is. The provincial tax and the municipal tax take about 30 per cent or perhaps 32 per cent. The federal share is 47 per cent or 48 per cent.

**Mr. Stanfield:** There is a bit of silence over there now.

**Mr. Lambert (Edmonton West):** It strikes me as a very lame excuse for government members to say they recognize while they may have a sliver in their eyes, then the others have a fence post in their eyes. They are both blind. Whether the tax on Canadian industry is federal, provincial or municipal, that tax will be reflected in the sale price of the goods produced. And if there is a continuous loading on of tax, as some administrations are so blind as

*The Budget—Hon. M. Lambert*

to do, including the federal government, all it means is that Canadian industry becomes less and less competitive.

With respect to the mining industry, I would like to ask whether the minister has read the recent speeches by the President of the Mining Association of Canada? Has he read the annual report by the President of Noranda? I hope he takes it to heart. I wish I could file the speech of the President of Noranda as an appendix to my own as I will not have time to read it in now, but I commend it to all hon. members.

The lack of initiative really lies at the federal level. In trading, we live in a very competitive world. Canada will live or die depending on the success of its international trade. A complete change is taking place in the Common Market. Next year the Minister of Finance and the Minister of Industry, Trade and Commerce—whoever they may be—I am not going to say they will be the same two men who occupy those portfolios now—

**Mr. Béchard:** They will be.

**Mr. Lambert (Edmonton West):** —will wake up and have to admit, as the present Minister of Industry, Trade and Commerce has already done, that on commodity account our surplus is going down. Next year, with the coming into force of the expanded Common Market, we will face some very difficult short-term problems. I am not going to affix any blame to any particular individual for that. This is something that is beyond Canada's control.

**Mr. Pepin:** That is why we have the budget we have.

**Mr. Lambert (Edmonton West):** This is peanuts. And you are not even getting into the growing of peanuts.

**Mr. Pepin:** \$500 million worth of peanuts?

• (1550)

**Mr. Lambert (Edmonton West):** Remember the example of the British government in the groundnuts scheme in Tanganyika. Don't get into peanut growing!

Mr. Speaker, what is lacking, and some provincial premiers have adverted to it, is a policy of industrial strategy for Canada. Perhaps we have seen a glimmer of this in some of the speeches made by the Minister of Industry, Trade and Commerce (Mr. Pepin) but within the taxation policy there is no reflection of it. There is an ad hoc bow to manufacturing and processing—but somewhere else. I am talking of manufacturing and processing as of now and next year. Most of the benefits of this administrative step will not occur until 1974 and 1975. The proof of the pudding in regard to any tax reduction measure is in the reaction of the people tasting it.

**Mr. Mahoney:** Oh, oh!

**Mr. Lambert (Edmonton West):** Frankly, Mr. Speaker, I have seen this minister display tax ignorance and financial ignorance when he was handling Bill C-259, and more lately as well. If an industry says that a benefit or concession will mean very little, I am prepared to take their word ahead of those people who operate in an ivory tower. God knows, Bill C-259 was conceived in the tallest