

Income Tax Act

In 1912 the boundaries of Ontario, Quebec and Manitoba were pushed north to their present boundaries. Why were they pushed north? It was because of the richness of the resources contained in the northernmost parts of these provinces. Quebec and Ontario immediately received title, ownership and control of the natural resources in that expanded northern area. But, lo and behold, Manitoba did not receive control and ownership of its natural resources. It seems inconceivable to me that this could have happened. Three provinces were expanded, but only two received rights over their natural resources. Manitoba did not receive ownership and control of its northern resources since it did not have control of the resources in the rest of the province at that time.

In 1930 there was a great deal of agitation developing in the western prairie provinces of Manitoba, Saskatchewan and Alberta. There was outright hostility. I cannot help but think that history is now repeating itself. We have only to look back. There was agitation, hostility, and talk of separation. It was only when this kind of talk developed, when farmers got together and met in small bands and groups which grew larger, that the government finally listened. We now see this same talk developing in western Canada. There are groups such as West-Fed. But what does our illustrious Prime Minister call this talk? He calls it blackmail. In 1930 it was not blackmail, it was an expression of how people felt. In effect they were saying, "You people in central Canada do not understand what is happening in the prairie provinces. You must understand what is happening before our country falls apart."

The problem with the energy agreement stems directly from the kinds of things I have tried to outline. It took Manitoba 60 years to gain control of its natural resources. In fact today Manitoba can boast that since it has been a province it has been without control of its natural resources for longer than it has had control of them. Alberta and Saskatchewan were able to gain control of their resources in 1930—50 years ago. When one finds this happening with respect to any agreement, any attempt in a budget or energy agreement which tries to take away the control and ownership of natural resources, people in the producing provinces will not accept that, since they will not go back to a colonial status. I urge the government to try to understand this basic fact. I urge it to get on with the job of negotiating a proper energy agreement.

Mr. Rae: Mr. Chairman, I have been listening with some interest to the remarks which have been made during this debate. I want to say to the hon. member for Mississauga South that I am somewhat amused he finds it in himself to object so strenuously to the Bank of Canada's 1981 policy but somehow he lost his power of speech in 1979 when his own party was in government. The policies being followed by the Bank of Canada today are exactly the same as those followed by governor Bouey in 1979. The principles, philosophy, fundamental thinking, the same mind-set, assumptions, predilections, the same problems, excuses and inactivity which mesmerized the Crosbie-Bouey duo we faced in the finance committee are exactly the same as those of the Crosbie-MacEachen-Bussières trio which we are faced with today.

While I welcome the member for Mississauga South and all members of the Tory party who are opposed to high interest rates, we all know perfectly well their stand on this position is temporary, depending upon whether they are in opposition or in government. It simply depends on which side of the fence they happen to find themselves with respect to the reasons why they are opposed to the high interest policy of the government.

• (1610)

It would be improper for me to use this opportunity to engage in another discussion, as I have done in committee and as many hon. members have done, on the government's interest rate policies. However, one important point must be made, that the minister has been working on the assumption that the high interest rates which the country is suffering at the moment are a temporary phenomenon. We have warned the minister that this is not the case, that as long as these interest rates are tied to the situation in the United States and to a policy over which we have no control, we do not know where our rates will be. They will probably be very high because of the policies followed by the bank. Therefore it is necessary for the government to change its interest rate policy and to devise tax policies which will overcome the effects of these very regressive interest rate policies which are being followed.

Examples have been given by members of the official opposition and by my colleagues of the effect this thinking has had on the construction industry, the housing industry, small business, and on farmers throughout the economy. It is simply not possible for the government to say, as it has said, that this is a temporary phenomenon and it would be unwise for the government to act in a precipitous way in response to what is simply a temporary fever which is the result of the policies being followed in the United States.

It is clear that the problems facing the housing industry and the construction industry are not simply temporary, but are permanent. In my own constituency the level of unemployment in the construction industry has been well over 30 per cent for the past two years, and there are construction workers there who have been out of work for over two years and, as a result, have been forced to take on different kinds of jobs. This has been going on since I was elected to Parliament. While that may seem like a long time to the minister and others who have had to listen to me, it has been just over two years. That is somewhat of a condemnation of the kinds of policies which have been followed by the government, that there is such a situation where workers have been left, in every sense of the word, permanently unemployed as the result of the government's policies.

Rather than focus on the problem of interest rates, although I wanted to say something once again on this subject because it is of real concern and it does affect the over-all tax policies and the nature of those policies followed by the government, I want to add to my earlier remarks on capital gains and talk about the government's discussion paper on capital gains which, in a sense, has affected many of the proposals put forward in Bill C-54, which we are discussing at the present