

Income Tax Act

and New Brunswick in particular. I do not know. I was under the impression that they were pretty well managed. When you try to sell them anything, they do an awful lot of chiselling in order to get the price down. If that is good management, I think they are pretty well managed.

Mr. Rynard: Mr. Chairman, it is always a pleasure to follow the hon. member for Carleton-Charlotte who, I am sure, is greatly respected by all members of this House. His sincerity has never been in question. He has had a tremendous amount of experience. We listened to his remarks with a great deal of interest.

There is no question about it, we are dealing with a very complex bill. When there are some 97 amendments to a bill, you know it is complex and complicated. No one has to tell you this. Lawyers and accountants find it impossible to interpret this bill. Outstanding tax authorities think it will take up to one year before interpretations can be validated. Lawyers are advising their clients to wait until this measure is passed before making any wills or changing any legal documents of consequence. Business has been uncertain and frightened, and has been afraid to move since the white paper on taxation reform was first introduced. There are now 97 amendments under scrutiny.

Many parts of the bill will be changed and rewritten. All of this discussion about tax reform took place before the 10 per cent American surtax on imports was applied. This makes the complexity of the problem far greater. It is almost impossible for anyone to speak in this House on this subject with any degree of authority. We must ask ourselves about American investment in Canada. Is the United States going to apply a 25 per cent surtax on dividends from investments in this country when we so desperately need capital investment? What will be done with pension funds? Will that apply to all with over a 10 per cent investment in the United States? How many people will be affected? How will it affect us economically? There have been no explanations in the House about that situation.

Even though we are a part of the problem, we wonder why, instead of blasting the Americans for the last year, we were not going about making trade arrangements similar to the auto pact which is so valuable. It started in a small way. I was in the House the day the bill regarding auto transmissions was introduced. That was the start of the auto pact. Why has this pattern not been pursued with more vigor for the past two or three years so that this 25 per cent of our export trade would not be affected now? The auto pact gives Canada a half billion dollar trading advantage. Why were other fields of trade not explored in order to open new markets in which we could be competitive?

Everyone is aware of the acute problems connected with United States trade. The Americans, in spite of inflation, followed the Marshall plan which set up Germany, Japan and Taiwan and many other countries as trading rivals. The other day I was told of a nationally known American firm which set up subsidiaries in two other countries. One company could ship into another country and undersell companies in that country. The other company, in turn, could ship back to the parent company and sell back to them at a lower price than they could manu-

facture it. It is quite apparent that the Americans, who have not done anything about their dollar since the Bretton Woods agreement, had to do something. They were literally financially bleeding to death as a result of their deficits. In spite of seeking freer trade in the field where we can best compete, it seems that for the past year we have been trying to annoy the Americans at every turn. I wonder why? We try to slight them by running to meet and cultivate new friends, people with philosophies entirely different from ours.

• (4:30 p.m.)

I believe Canadians should always get preferential treatment in their own country, whether they are manufacturers, professional men, business men or working men. But I do not believe we should castigate anyone else for our own faults or for the position in which we now find ourselves. I noted that the other day the Prime Minister had the courage to admit that the government had made a miscalculation. Oh, Mr. Chairman, it would fill a book. Then again, the cuts we have made in our NATO forces, the defence policies we have followed, our "one China" policy, are not such as to make friends of Japan or the United States or Europe. Why keep on insulting our Canadian friends in the United States? Mr. Chairman, there are more French Canadians in the United States than there are in the whole of Canada. There are more Canadians in the United States than there are in Canada itself. Yet through the press and the CBC we keep on insulting them.

We send our emissaries to the United States to bring back our trained professional people. We sent people down there on one occasion to my knowledge; they advertised and set up a cocktail party in an attempt to win back to this country scientists who had left Canada to go to the United States where they were able to find greater opportunities. No wonder the adventure was a failure. How did we treat them when they were here? I asked a question about this today. I asked why we had to turn down 640 Canadians who were fully qualified to enter our medical schools, while accepting over 1,000 students from foreign countries whose standards are lower than ours and who can ill-afford to give up the services of these people.

Consider, for a moment, the size of the deficit. Federally it will amount to more than a billion dollars. In Ontario, it will soon be more than half a billion dollars. Where will this money be found? These are a few of the questions which should be answered. And with what pangs of conscience shall we recognize the answers when we think of the plight of the 600,000 who are presently unemployed, and of the trading picture in the light of recent events?

I could go on to speak at length on this subject. I could talk about the difficulties we encounter in our efforts to compete with foreign countries where wages and costs are much lower. But I want to be fair to the Canadian labouring man and to Canadian industry. We must remember that a wage-earner in Canada pays around 40 per cent of his dollar in taxes as compared with 20 per cent in some of the countries with which we are competing. So the Canadian worker is bound to demand more money than his counterpart abroad. Industry is obliged to charge more for the same reason. There are only two ways of competing successfully in such a situation as this—one is