

The Address—Mr. MacKay

a great national project to bring down from our north a treasure which is far, far greater ultimately than any non-renewable resource, that is, to generate and bring down into the provinces where they can be most conveniently utilized in a national power grid the hydro resources from this country's north. If they are properly utilized, it would make Canada highly competitive in energy with something which is not, like oil and gas, non-renewable.

Just to cite one example, I have been told by knowledgeable people that Artillery Lake in the Yukon, which is approximately 700 miles from Edmonton east of Yellowknife and part of the Lockhart River system, is a natural power site. This particular site could be developed. The electricity could be brought down with little "Line Loss" into some convenient place in Alberta by direct current (D.C.). It could then be stepped down to alternating current (A.C.) and fed into a national power grid which would provide tremendous benefits for the entire country. Indeed developments such as those that are now under way or completed in Kettle Rapids and Long Spruce in the Gilliam area of northern Manitoba are also able to be utilized in a national power grid.

Everyone is aware of the fact that there is surplus power available in Churchill Falls, Newfoundland and in the Bay of Fundy. It boggles my mind to think that in an energy starved era a country with a disproportionate amount of fresh water and unprecedented hydro resources would not at least make a national effort to utilize the greatest and best technology in order to get this renewable energy down to parts of the country where it will do the most good. It is particularly incongruous that in eastern Canada energy costs are so high that any good the DREE program has been doing has been surely wiped out by the tremendous cost which industry faces as far as electrical energy is concerned.

I hope the government in the next little while will realize that in order to get the country united, and in order to give us a sense of pride in being Canadians, we have to undertake some great national projects for the material benefit of our people and for the ultimate prosperity of our nation. We must develop coal mines. We must develop eastern coal mines, as the hon. member for Cape Breton-The Sydneys (Mr. Muir) said today. We must concentrate on storing feed grain in eastern Canada so that our farmers are not impeded by the fact that, as in so many other instances, we do not have rail cars to transport feed grains when we need them.

● (1732)

It is incongruous indeed that there is probably less rolling stock on the railways than there was ten years ago, and yet there are unemployed people in factories in this country who could be making railway cars, instead of drawing unemployment insurance benefits, and doing something for their country and for themselves.

As far as taxation is concerned, I mentioned it a few moments ago in connection with the former minister of finance, Walter Gordon. What we got in 1971 was not a realistic taxation reform. What we got was simply taxation

[Mr. MacKay.]

obfuscation or taxation confusion and difficulty, not reforms. I remember quite well when at one point the government was determined to impose capital gains taxes on the family farm until opposition pressure and, we hope, their better judgment prevailed. We need equity investment and I fail to see why the government, if it does not feel like removing capital gains taxes entirely, does not treat them in a more equitable and sophisticated manner. Why should Canadians who buy equity in Canadian corporations for purposes of educating their children or for retiring, be treated, when they sell these securities, sometimes after several years, in the same fashion as people who bought them the previous month to make a quick buck? What is the justification for this? Why does the government not recognize that for all the net gain it gets out of capital gains taxes, which after administrative costs comes to considerably less than \$100 million a year, the very existence of these taxes is doing far more than \$100 million worth of damage to this country?

Some hon. Members: Hear, hear!

Mr. MacKay: As a matter of fact if it got rid of Petro-Can and stopped spending money in that sphere, it would save itself far more money. It would be in money if it did that and if it abolished capital gains tax entirely because, as so many of my colleagues from western Canada particularly have said, we have yet to see any oil or any resources discovered by Petro-Can. It is very interesting that Maurice Strong's first attempt to generate some business was when he went to Hanoi and tried to get a joint venture to get some sort of exploration going off the coast of Viet Nam. They are doing a lot of exploring, but have they discovered anything yet?

An hon. Member: Why don't you give up?

Mr. MacKay: It is not a case of me not giving up but of the people of Canada giving up on this government unless its members change their ways.

Some hon. Members: Hear, hear!

Mr. MacKay: I was interested—of course I am always interested—in the Prime Minister. He is a talented man and he has a certain amount of tortuous logic on his side when he speaks. After listening to his speech, which was very erudite and replete with patronizing references as to how well we are coping in this country with unemployment and inflation, how much better we are, relatively speaking, then we were before, I have come to the conclusion that, as usual, the Prime Minister is taking the debate up to a very high plane, he is dealing with relatives and absolutes. He points out that in some ways we are relatively better off than we were before because we have slowed down the rate of inflation and the rate of strikes. However, he is rather slow to concede that in absolute terms we are, of necessity, worse off than we were in past years. We are worse off because our nation's debts are higher, for example, and our dollar is lower, and we suffer unprecedented unemployment. So I would say to the Prime Minister, to sum up his argument in his submission charitably, that probably his