

posals the government is overriding very simple, firm, plain commitments which the Prime Minister made to the provinces. Following the first ministers' conference in March, 1974, the Prime Minister made a statement in this chamber. He said on March 28, 1974:

An agreement reached yesterday which underlines the good will and national feeling that exist in all provinces and regions . . . which stands as a tribute to the vitality of our Canadian community. As I have said, yesterday was a great day for federalism . . .

The national oil agreement I have just described would surely not have been possible without the good will and deep commitment to Canada of the premiers of Alberta and Saskatchewan . . .

The House may wish to note that Saskatchewan intends to place most of its added oil revenues in a capital fund for energy development; Alberta proposes to handle a high proportion of its added revenues in the same manner . . .

While the revenues taken into those capital funds would not be subject to equalization, the federal government will, of course, pay equalization respecting any oil revenues that go into general funds.

There we have the Prime Minister saying that money which the provinces collected as a result of royalties or taxation on oil or natural gas because of the higher international price, which they put into a capital fund to be used for the development of energy resources, would not be deducted in calculating the equalization grants. It was a very fair statement. What happened when we got the budget? That statement of the Prime Minister was made at a time when there was a minority government. The Prime Minister had to think about the feelings, ideas and desires of the provincial governments as well as how he could face parliament. He made a very clear commitment, which was jettisoned six months later by the Minister of Finance and the government. There is no question that it was a commitment made by the federal government. In the last budget, and in the proposals before us today, that is completely ignored. We are now told that everything over one-third more which the provinces collect will be deducted in calculating the equalization payments.

If Ottawa feels that the people of Canada can benefit from the sharp increase in the international price of oil and natural gas, I agree with it. However, why does Ottawa not now increase the corporation taxes paid by the resource industries, the oil, gas and mineral industries? Instead, Ottawa does the exact reverse: it continues to expand the very favoured tax position of the resource industries in this country. Foreign capital came here in relatively small amounts. Because of our very generous tax laws for depreciation, fast write-offs and all the rest, the money made in this country by the multi-national corporations was plowed back into it. Almost 100 per cent of that money was paid for by the Canadian people either by the price they paid for oil, gas and minerals or by the tax concessions to the corporations.

These tax proposals are something else. Not only will provinces not get equalization payments on two-thirds of the money they get through increased royalties or increased taxes from the oil and gas companies, but taxes paid by these companies to the provinces by way of royalties will no longer be deductible for income tax purposes. How discriminatory can the federal government get? How much more can the federal government do for these corporations? If, for example, the CPR or the Hudson's Bay Company receive royalties from Imperial Oil, Shell or other oil and gas companies which have drilled on their

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property, these are deductible for income tax purposes. Why should royalties paid by Imperial Oil, Shell, Gulf or any other oil company that has drilled on land owned by the government of Manitoba, or the government of Saskatchewan, or the government of Alberta, or the government of British Columbia—or for that matter, if oil is found, as I hope it will be, in the eastern maritime provinces—not be deductible for income tax purposes? What justification can there be for this discrimination?

● (1610)

As I said a few moments ago, if Ottawa feels that the oil and gas companies are not paying their share, which we have claimed for years, why not tax them as any other corporation is taxed? But no, the government did not enter this field and would not enter it until the provinces did so. I simply cannot understand how this can be justified under any circumstances, unless the very simple explanation is that the government has always been the friend and defender of the large, multinational corporations, particularly the oil, gas and mining companies which have drained the lifeblood of this country, made exorbitant profits and which, thanks to the federal government, will continue to make exorbitant profits. We certainly intend to oppose this bill, and any bill like it, as hard as we can.

[*Translation*]

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, I should like to make a few comments on Bill C-57, which is now on second reading.

As the parliamentary secretary has so well said in his speech, it is a very technical bill and, in my opinion it is not within a few minutes that a member of Parliament can succeed in getting to the bottom of things. A general idea can certainly be had, but in my opinion, it would be wise that the bill be referred to the committee and studied very carefully; as a result, the Minister of Finance (Mr. Turner) could assure us of his intentions and of the federal government's intentions for the few years to come.

It is more than obvious that the government's duty is to ensure that the different areas in the country benefit from Canadian natural resources as a whole. Obviously one of the means to reach that goal is to ensure that each and every provincial government and, through them, each and every municipal government, obtain revenues enabling them to guarantee people in their areas services similar to those granted to less favoured area. But by what means? Since the beginning of Confederation, Mr. Speaker, the federal government and the provinces have never got along with regard to the sharing of revenues from natural and other resources. If one studies Canadian history, all successive governments in Ottawa have moved towards greater and greater centralization, which has always proven detrimental to the provinces. Such centralization became more obvious during the war years. During the World War I the federal government asked the provinces to grant it greater sources of income, alleging that wars were costly, and that universal freedom was at stake. "Well, once the revenues shall have been sacrificed and the war over, we shall attempt to return to the situation prevailing before the war."

Between World War I and World War II, about twenty years have gone by. During all that period, nothing but