

International Conventions

That is another example of a country that is openly trying to create tax incentives in order to get people to do business there and presumably to create employment and general prosperity. What is our side of the equation? What do we have that is comparable? To the best of my knowledge, in the context in which I am now speaking, we have nothing. That is the thrust of my remarks. Let us not take Bill S-2 too lightly. This involves treaties with various countries, some of which have serious ramifications for us. Unfortunately there is a ramification which is being overlooked. We are one of the few countries of the world which does not have comparable tax schemes or incentives to attract bankers, financial institutions and other industries to do business in this country. Yet, we are contracting through these treaties with various countries which do this very thing, countries such as the United Kingdom, which is perhaps the greatest tax haven country in the world.

• (1520)

I mentioned that I wanted to touch on Malaysia. Under the Income Tax Act of 1974, Malaysia provided that:

—income derived outside Malaysia by a resident company or an individual is exempt from taxation unless it is received in Malaysia. Foreign income of non-residents received in Malaysia also is exempt of tax. A single exception to the general rule is that resident banks are taxable on income no matter where it is derived.

Obviously, in that case the bank will be incorporated in Barbados and will presumably do business in Malaysia, if it is starting from scratch. The article to which I am referring points out that Malaysia has treaties with countries such as Belgium, Canada, Denmark, France, India, Japan, New Zealand, Norway, Singapore, Sweden, Switzerland and the United Kingdom. Treaties have also been signed by Austria, Belgium and West Germany, but they are not yet in force. Once again, we are one of the leading countries in signing these treaties, such as in the case of Malaysia, yet there is very little evidence that Canada has tried to create a situation within the country that will reap benefits for the country, such as those being reaped by many of those countries which have these tax avoidance schemes.

I hope the Secretary of State for Finance (Mr. Bussi res) will have some comments to make on this bill before it goes to committee, and that some of the observations which I have made will be dealt with in committee where we can consider the matter further.

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, my intervention in this debate is to reinforce a point referred to by my colleague, the hon. member for York-Peel (Mr. Stevens). It is a matter about which I have spoken on previous tax treaty ratification legislation which deals with a reference to section 36 of the bill. There is a difficulty with regard to the procedure which was devised, after a great deal of negotiation, when the Hon. John Turner was the minister of justice, about orders in council being made and being subject to revision in this House. How is this done? It says:

An order referred to in subsection (1) shall come into force on the thirtieth sitting day of Parliament after it has been laid before Parliament pursuant to that subsection unless before the twentieth sitting day of Parliament after the

order has been laid before Parliament a motion for the consideration of either House, to the effect that the order be revoked,—

In other words, it is a negative resolution. It must spell out the procedure because the present Minister of Finance (Mr. MacEachen), when he was president of the privy council, was either too indolent or did not give a damn about what was going on in Parliament. I was chairman of the Standing Committee on Procedure and Organization, and I begged him to give us the reference. Subsequently, his predecessor as the minister of finance, the former member for Eglinton, was chairman of the procedure committee while I was vice-chairman. Both of us, in our private ways, appealed to the hon. gentleman to give us the reference so that we could dress up in our rules precisely what is provided for under section 36.

It is the most ludicrous thing that one can contemplate, and is an indication of the sloppy way in which this House must sometimes proceed because the government is replete with inertia. A complaint was raised the other day because the committee on procedure has not even met, although there is ample work for it, particularly with regard to putting this reference in place.

I am sure there are enough of us in the House who understand what is involved here that we could come to an agreement. After all, the legislation brought in while John Turner was the minister of justice was by agreement, as the hon. member for Winnipeg North Centre (Mr. Knowles) I am sure will remember. The reference was put in place after it had been discussed privately and publicly, and agreed to. I am sure the temper of the House would be the same and that we could change our rules of procedure to remove from each one of these bills this long rigmarole that takes place in this House when a negative motion is brought before it, or when a particular order in council shall be subject to an affirmative or a negative motion. These matters are provided for in the statutes.

The points mentioned by my colleague with regard to the features of these tax conventions have been repeated before. Although I have not examined the statutes in detail, he assures me that some of the problems which we encountered in previous legislation and had corrected in committee, are, for some reason, reappearing. I do not know whether it is bureaucratic insistence that they shall be right at all times and that the House of Commons committees must be deemed to be wrong at all times, but there is a reintroduction of the same errors time after time, and this House will not accept it.

The finance committee though does not have much on its plate at the present time, and there is enough here to keep it busy until Christmas. If this matter is added to the agenda it will be dealt with. I would say to the Minister of State, Finance (Mr. Bussi res), who is acting on behalf of the Minister of Finance, I hope he takes note of what we have said with regard to convincing the President of the Privy Council (Mr. Pinard) to obtain an order of reference. I am sure there would be consent with very little delay so that it could go to the committee on procedure where we can amend the rules and