

International Conventions

required also the review and often the renegotiation of certain existing conventions.

It has been mentioned in committee that such double taxation agreements could become loopholes and a pretext to tax evasion. The hon. member for Broadview-Greenwood has indeed raised that possibility a few moments ago. I want to make it abundantly clear that it is not in a particular convention that tax loopholes or tax evasion potential are to be found when a commercial or financial institution covered by the convention is guilty of such tax evasion. The faults or weaknesses that make such evasion possible are most often found in the Income Tax Act and it is therefore this act that should be corrected. It has been clearly demonstrated in Canada that our Income Tax Act is impervious to these conventions.

Mr. Speaker, in closing I should like to indicate that consideration of the bill in committee led the government to cut out temporarily the convention with one country. When the bill was referred to committee, it contained 11 conventions which have now been reduced to 10. In view of the objections expressed in committee and the urgency of getting the House to pass the bill giving effect to those conventions, the government agreed to withdraw temporarily the convention with Liberia. During that time, the government will look at the text of the convention very carefully again, and discuss it once more with the other party to it, and if need be, will reintroduce it when a new bill is brought in to implement other conventions for the avoidance of double taxation.

I want hon. members of the House to know that the Liberian government expresses disappointment about this turn of events. It has reiterated its wish and will to see this bilateral convention ratified as soon as possible. The Canadian government is also of the opinion that it is justified but it wants to make sure that the details of the convention meet the requirements of the Canadian people and their parliamentarians. Mr. Speaker, it is in that spirit that we worked in committee. I should like to take this opportunity to thank the members of the committee for their excellent performance on the occasion of the study of this bill in committee and thank all hon. members in the House for allowing us to pass it this afternoon.

● (1250)

[English]

Hon. John C. Crosbie (St. John's West): Mr. Speaker, this piece of legislation is not greatly contentious. It is not one we are going to vote against. In addition, the minister was quite reasonable and very co-operative, in his usual way. The Minister of State for Finance (Mr. Bussi  res) is co-operative and diligent. I cannot say the same of the Minister of Finance (Mr. MacEachen). I do not want to imply that the Minister of Finance is not diligent. I am just not going to say that about him. The assistant minister of finance has been quite diligent and co-operative in committee.

My colleague, the hon. member for York-Peel (Mr. Stevens) is not here today and neither is the hon. member for Missis-

sauga, both of whom have been active in this matter. The minister has agreed to delete the treaty with regard to Liberia because of some of their concerns. We appreciate that kind of treatment. That is why we are not going to speak on this bill longer than several days, or at least until this afternoon.

There are other important tax treaties. Perhaps whoever closes the debate on the government side can bring us up to date. These are not unimportant, of course—the United Kingdom, Jamaica, Barbados and the like. Jamaica, by the way, is an interesting one. Since this discussion started there has been a change of prime ministers in Jamaica. There has been some suggestion that we have the last prime minister, Mr. Manley, come to Canada for a scholarship or something like that from some government agency. That will be gone into at another time.

There are some very important treaties negotiated with countries like that, as well as Indonesia and Spain. The one in particular I would like to hear about, from some authority on the other side, is the treaty recently negotiated with the United States. That great coup was finally achieved while I was still a minister, although under heavy pressure during the election campaign last January. That is quite an important treaty, particularly with reference to its effect on the transfer of income from the oil and gas industry to the United States and the effect of taxes on profits in that connection. I presume that is now all signed and concluded and the government will be bringing it forward in short order.

Since this is a treaty to deal with international taxation and the effects on Canada, and taxation in other countries and citizens from other countries, we are dealing here with international finance. I want to spend three or four minutes on an aspect in international finance which the Minister of Finance referred to today. Today in his remarks in the House the minister suggested, with respect to interest rates, which is a matter of international finance, that these questions were not within the power or capacity of the Government of Canada to deal with. He said this government was handcuffed, totally under the control of economic conditions and what happens to interest rates in the United States. He said in this respect Canada is completely powerless, it does not matter what government we have, what will or desire that government has, or what policy it introduces. He said he can do nought about interest rates in Canada, that they must simply follow those in the United States.

Let me point out to the House that the day before yesterday the minister made an exactly contrary point in the House. He said that Canada has little control over interest rates, but thanks to steps taken by the Governor of the Bank of Canada, Canadian rates are not locked to U.S. rates. He praised the government's policy. He said it was successful. He stated that interest rates in Canada are 3 per cent or 4 per cent less than in the United States.

That was the minister's story two days ago. He then looked around in his usual humble way for a kind word or glance from members over here because he had kept interest rates 3 per cent or 4 per cent lower than in the United States. Today