

*Income Tax Act*

do not see any proposals for tax reform in the present legislation. I see tax changes but not basic reform.

Let me give a few examples. We export \$202 million worth of fish annually to the United States. I believe that roughly \$101 million of these exports are affected adversely by the surcharge. We export a tremendous amount of fish. It may not sound much when one is thinking about a total budget of \$14 billion, but fishing is a major Canadian industry and in my province alone it affects directly some 20,000 people out of a working force of about 150,000. We bring back our fish, we remove the meaty part of the fish and ship it to our neighbours to the south. They take it and chop it into little fishsticks, they tin it and cook it, etc., and their own people are on the production lines cutting up this fish. It is they who are employed in making fishsticks which sell at a very high price, while the fishermen of this country are still receiving 4 or 5 cents a pound for a product which sells here in Ottawa for 85 or 90 cents a pound.

Never has there been any assessment of ways in which we could give inspiration and incentive to our processing industries so that we could benefit from the labour content. Perhaps this is because we are only talking about exports amounting to \$200 million in value—a relatively small industry like fishing. But look at the paper industry. In the last few years the international market has been softening up considerably all over North America. Has the government ever seriously considered offering some incentive for the further refining or processing of wood pulp products, or to measures designed to enable our lumber industry to compete more favourably in the international market?

Consider the iron ore business. I am sure my hon. friend from Grand Falls-White Bay-Labrador will wish to say something about this later in the debate. From time to time I visit Labrador on the way to my constituency and take note of the developments which have taken place in that region. Settlements have grown up such as Schefferville on the Newfoundland-Quebec border, and Labrador City and Wabush where 14,000 people live in an attractive, modern community in the north of Newfoundland. We in Canada are getting only a very small benefit from the profits of that investment. The real cream goes to Pittsburgh. We are exporting this raw material and the benefits end up in the pockets of United States investors and big American developers. I do not blame these people. They have the technology, they have the administrative expertise and they possess great financial resources. In addition, they have access to a market which caters for 220 million people. Nevertheless, I am convinced that if we were to encourage further development of these raw resources, the further manufacturing of these materials, great advantages would follow in terms of employment and increased prosperity and I have no doubt that tax arrangements could be developed which would give an incentive to this end.

I shall make another minor point. There lies off the coasts of Canada, both Atlantic and Pacific, territory which is just as much our own as the ground on which we are standing. It is called the continental shelf and it belongs to Canada. We still have to resolve the question

[Mr. Lundrigan.]

of fishing rights because other nations are permitted to harvest our marine resources in the area, but the bottom of that ocean is Canada's...all the minerals, all the resources, everything connected with the bottom of the sea is Canada's by law. There are places off the Atlantic coast where the continental shelf sweeps out for 400 miles. Right now companies such as Shell Oil and the American Oil Company are doing exploration work there.

We have never been given a clear and definitive statement by the government as to where it stands with respect to the taxation of these corporate giants. I have been informed by people knowledgeable in marine law that these great companies have not only been permitted but encouraged to go into these areas without even having to bid on the millions of acres over which they have control for exploration purposes. I have heard the expression that Canadians are the Arabs of the 1920s. I am not referring in a derogatory way to the Arab world. The point is that it was 50 years ago when these people were as naïve about the value of their resources as we are in Canada today. We are considered by these corporate giants as being an extremely naïve nation, as an extremely naïve people.

I have never heard any statement in the House of Commons, for example, setting out what the taxation policy is to be as far as these companies is concerned. Nor have we been given any definitive statement as to what the government is prepared to do to protect the public interest in this field. There is no integration of federal and provincial effort; all we hear is wrangling between the provincial and federal governments while the oil companies are laughing all the way to the bank—and the bank is not a Canadian bank.

In addition to all this, we have a great opportunity to further develop our mineral resources in the opinion of some knowledgeable people in the area. Is this not another field in which we could encourage the corporate community of Canada, the business community, to become involved in exploration work? I remember when I was a little younger than I am today; the Prime Minister at that time was my hon. friend from Prince Albert (Mr. Diefenbaker). I recall being a long way from Ottawa—the east coast of Newfoundland is a long way from Ottawa.

**The Acting Speaker (Mr. Laniel):** Order. I regret having to interrupt the hon. member, but the time allotted to him has expired. He may, of course, continue if the House gives unanimous consent.

**Mr. Bell:** If Your Honour would check with the House I am sure you would find there is unanimous consent for my hon. friend to continue his very pertinent speech.

**The Acting Speaker (Mr. Laniel):** Does the House consent to the hon. member for Gander-Twillingate pursuing his remarks?

**Mr. Perrault:** I will give my consent if the hon. member will agree to answer a question before he ends his speech. I have been listening very attentively to what he has had to say.