

Statements by Ministers

We presently have no cost-benefit analysis. It is a strange situation for a Minister, who has announced that he is committed to reducing tax expenditures, to tell us that he is going to give tax breaks to foreign banks without telling us what they are in return for. We do not know what the benefits, if any, will be. We still have no economic analysis. We have heard nothing about what kind of retaliation we can expect from other countries due to this very unusual situation which utilizes the national tax and fiscal policy to assist regions.

It is clear that the proposal before us has not been well thought out. If this measure helps Montreal and Vancouver, does not hurt Toronto, and brings new business to Canada which would not otherwise come, we will all be very happy. However, the proof remains to be seen. We still do not know what jobs will be created. We were told last night that Vancouver is very hopeful that new jobs will be created. Other studies have shown that this is highly unlikely.

I trust that the Minister will soon back his statements of good intentions with a very solid cost-benefit analysis which will allow us to reach a realistic conclusion on the value of this measure.

Mr. Mike Cassidy (Ottawa Centre): Mr. Speaker, as an Ontario Member of Parliament, born in British Columbia, who is co-president of our Party's Quebec caucus committee, I believe that I can speak objectively on this proposal.

I am pleased that the Government has brought its intentions forward in a more precise way than it did in the Budget statement of last year which led the Vancouver Board of Trade, which appeared before the committee last night, to believe that it had a commitment, only to learn that that was not the case in the minds of many Members of Parliament. The circumstances under which this statement has been put forward are perhaps a bit bizarre.

The Finance Committee began to study this issue in December. We have made some progress. The Minister accused the Finance Committee of dealing in fiction rather than fact. It is the lack of fact received from the Department of Finance which has heated up this issue and led to unnecessary friction among regions on an issue which is proving to be quite difficult.

As the Minister knows, half of his caucus applauded his statement and the other half left the House of Commons as he delivered his statement. I need not say from where those Members come.

[Translation]

The Minister has made a statement, and it will certainly be helpful to the Committee on Finance and Economic Affairs and the study it is now working on, especially since witnesses for the Minister of Finance (Mr. Wilson) are to appear before the Committee this afternoon. I think we will need specific information on the impact in terms of jobs and tax expenditures, to find out whether or not—as it says in a report by Governor Rasminsky and his assistant, Mr. Lawson, who made

a study of this question in 1984—there will be a significant loss in terms of foregone tax revenue.

Are we going to see a significant loss of tax revenue or are we not? For the time being, we don't know, and in all the testimony received from the Montreal Chamber of Commerce, the Toronto Chamber of Commerce, and other witnesses, including those from Vancouver, we sense a general mood of uncertainty, and this is partially due to a lack of information from the Minister of Finance and his departmental officials.

[English]

New Democrats have concern, in general and in principle, about new tax concessions being made available, particularly in a year for which the Government has announced major tax reforms. We are particularly concerned because the estimates of tax losses range from an estimate of \$1 million per year by the Montreal Chamber of Commerce to estimates from Toronto of very major tax losses.

We will be observing the job impact. The Minister says that he hopes there is a chance to bring back banking activities which are now in tax havens, in *le paradis fiscal*, as they say in French, such as the Cayman Islands, Hong Kong, and Macao. Will this activity be brought back to Canada, or will we simply transfer activity which is now in Toronto?

[Translation]

Mr. Speaker, I should like to express my belief that all political Parties represented in Canada's Parliament endorse the principle whereby regional expansion incentives can be offered to urge investors to consider regions other than southern Ontario, for instance. And all Parties in office—which means the Liberal Party, the Conservative Party, and our own Party since we have been elected in western Canada—have used various means to promote investments in the manufacturing industry.

Now perhaps this is the first time we have to ask ourselves whether we should actively urge a service industry—international banking—to locate in one or more specific regions of this country.

I can say that in principle, especially these days when the service sector accounts for 70 per cent of our economy, we in the New Democratic Party are not against Government attempts to promote investments in the service industry. But it does not mean that we do not want to scrutinize specific proposals made by the Government.

● (1520)

[English]

In other words, if the regional development incentives are accepted, as they are by all Parties for location of industry, I do not believe we necessarily need to oppose the use of similar techniques for the location of service industries. However, we will have to look closely at the details, and particularly demand that the Department of Finance give us serious cost