

effects of the proposals; nor is there any indication that the Government has in fact prepared any detailed studies containing quantitative measurements of the over-all impact of the proposals on the economy -- other than estimates of the possible effect of the proposals on tax revenues and on savings by the private sector. Indeed, some of the comments by the Minister of Finance and by members of his Department before this Committee have betrayed some uncertainty on their part as to the effect of the proposals and have led to the conclusion that detailed studies have not in fact been prepared.

3.4 The general conclusion reached by the Government was that the proposals "are expected to have relatively modest impacts upon the Canadian economy" and that there would only be a "moderate reduction in aggregate private saving and probably some reduction in . . . capital expenditures" which "would be offset by a small immediate increase in public revenues, and a rather larger increase after the early transitional years". In support of this conclusion, some comment is made as to the effect on incentive to work and save, on migration, on the quantity and allocation of savings, on business investment and on Canada's balance of payments position. As discussed in Appendix "A" attached, the Association disagrees with many of these comments and suggests that the Government has understated the probable harmful effects. We also believe that the commentary is far from complete in that it fails to deal with many issues that should have been taken into account in determining the impact on economic growth.

Interest Rates and the Bond Market

3.5 For example, it is our view that inadequate consideration has been given to the effect of the proposals on interest rates and the bond market. As this Committee is well aware, the