

Oral Questions

[English]

NATIONAL REVENUE**INQUIRY WHETHER TAXES WILL BE REDUCED**

Mr. John Gamble (York North): Madam Speaker, my question is directed to the Minister of Finance. In light of the change in government which we anticipate in the United States as the result of the recent election there and some of the specific promises by the president-elect to reduce taxation, despite the fact that the minister's budget was recently passed by this House, is it his intention to reduce taxes in Canada in order to correspond with intended tax reductions in the United States, so as to offset the magnet-like effect of attracting business in North America to those jurisdictions with the lowest tax rates?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): No, Madam Speaker, that would not be the intention. As I pointed out in the budget speech, there is presently imbedded in the Canadian tax system, through indexation, the kind of decreases in taxation which occur as a result of indexation and which occur in the United States because of such announcements. These tax decreases take place automatically in Canada.

Mr. Gamble: Madam Speaker, what I am talking about, of course, are the intended dramatic tax reductions which are to occur in the United States and I recognize that it would be somewhat anticipatory for this government to introduce plans in this regard today. However, in light of the fact that taxes in the United States are to be reduced by 30 per cent over the next three years, would it not at least be wise for the government to give some indication to Canadian businesses and individuals in Canada that it will seriously examine the possibility of tax reductions in Canada to correspond with those in the United States when they do in fact take effect?

● (1440)

Mr. MacEachen: All I would say on that point, Madam Speaker, is that the Canadian tax system compares favourably with that of the United States or any other tax system from the point of view of attracting investment and from the point of view of the burden on the taxpayer. Furthermore, one would want to wait and see what Congress does with presidential suggestions before following suit.

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THE BUDGET**PROJECTED DEFICITS FOR 1980 AND 1981**

Mr. Don Blenkarn (Mississauga South): Madam Speaker, my question is also for the Minister of Finance. The minister knows that this House and the people of Canada are disappointed with his medium-term projections which have the exchange rate totally out of whack and the inflation rate totally out of whack. It is clear that his projections have been

wrong. With regard to the deficit, the minister knows that interest rates have increased 1 per cent since the budget. Is he still of the assurance that his deficit next year will be no more than \$13.75 billion and his deficit this year no more than \$14.15 billion?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, maybe I should reiterate what I said since it is becoming more and more apparent that people are placing a great deal of reliance on my projections, even projections that are made for 1982 and 1983. We all ought to recognize, and I certainly do, that these projections are only that, and they are very risky. My hon. friends opposite ought to have learned that because they learned how wrong some of the projections they made in December were early in 1980. I do not fault the former government for that. It is a fact that has to be understood with respect to any projections that are made.

If hon. members are now asking me to confirm with absolute certainty what will happen based on projections, that is something I will not do. These are assumptions based upon the best possible reading of developments. When these developments change or do not occur, obviously the assumptions and the projections change. The sooner we understand that, the better debate we will have on economic questions in the country.

Mr. Blenkarn: I am pleased the minister has now indicated to the House that those projections were made using the rosiest coloured glasses. It is obvious at this point that those projections were wrong in every sense. Will the minister table in this House a proper set of projections which reflect an 84-cent dollar and 11 per cent inflation rates, so that business people across this country can see where they are going? Surely projections should be available for 1981. Let us not worry about 1982, 1983, 1984. However, with regard to 1981, where are we going with this budget?

Mr. MacEachen: Madam Speaker, this gives me an opportunity to tell the hon. member that through this budget we are laying the foundations for a good recovery of the economy and solid economic growth in the future. That is where we are going.

Some hon. Members: Hear, hear!

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ENVIRONMENTAL AFFAIRS**DUMPING OF CHEMICAL WASTE INTO NIAGARA RIVER—CONSULTATIONS WITH NEW UNITED STATES GOVERNMENT**

Mr. Gilbert Parent (Welland): Madam Speaker, my question is for the Secretary of State for External Affairs and has to do with pollutants going into the Niagara River. In view of the fact there is a new administration in the United States, and in view of the fact that SCA Chemical Company has been dumping waste into the Niagara River for some time now, can