

Oral Questions

As I have indicated, there is in the estimates before the House a request for \$240 million for further equity injection into the company.

Mr. Stevens: Is that enough?

Mr. Lalonde: That will be enough to carry the company over a few months—

Mr. Stevens: A few months.

Mr. Lalonde:—for the bills and the work that has to be carried out over the next while.

Obviously, in terms of the money that would be required over the next five years, that is a matter being examined at the present time. When a decision is reached I will be very happy to inform the Hon. Member.

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THE ECONOMY**INTEREST RATE LEVELS**

Mr. G. M. Gurbin (Bruce-Grey): Madam Speaker, my question is also directed to the Minister of Finance. Canadian borrowers have a broad concern about the level of interest rates that will prevail in Canada over the next few months and several years. Does the Minister have any idea of what interest rate levels will be in Canada in the next few months? Would he like to give us an indication of what those levels will be?

[*Translation*]

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, the Hon. Member is very clever, but he knows perfectly well it would be extremely presumptuous of me to say what the interest rate situation will be in a few weeks or months. I can only express the hope that interest rates in Canada will continue to drop as they have done during the past year. At the Summit in Williamsburg, very strong pressure was put on the Americans by all the other industrialized countries, urging them to adopt a policy that would bring about a drop in interest rates between now and the end of the year. I hope it will be possible to bring down interest rates, but as for guaranteeing that this will happen, I am not in a position to do so, and as for telling the Hon. Member by how much interest rates are likely to drop, there again, I think it would be presumptuous on my part to prejudge the situation.

[*English*]

IMPACT OF GOVERNMENT BORROWING

Mr. G. M. Gurbin (Bruce-Grey): Madam Speaker, in view of the massive Government deficits and the Government's borrowing requirements, when does the Minister anticipate that the impact of this will be felt on the interest rate market? What effect does he feel it will have on interest rate levels in Canada?

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, the very large consensus at the present time is that the deficit has no impact in terms of the interest rates in the short term, that is, either this year or next year. The consensus is that the savings of the country are very large and that there is no danger of crowding out the private sector because the demand for investment in the private sector will be comparatively low in the course of this year and will increase only gradually in the course of next year.

As a matter of fact, I had a discussion in this regard with the American Secretary of the Treasury at Williamsburg, who was arguing quite strongly indeed that, even with their \$210 billion estimated deficit, they did not expect this to have a negative impact on interest rates in the short term.

However, the problem of the deficit in the medium term, that is, over a period of several years, is one that should be borne in mind. I have addressed that in my budget by announcing a certain number of measures aimed at gradually reducing the deficit while at the same time meeting the needs and looking after the best interests of the people of Canada by protecting them against unemployment while trying to stimulate growth of the economy.

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[*Translation*]

NATIONAL REVENUE**TAXATION OF WORK RELATED FRINGE BENEFITS**

Hon. Marcel Lambert (Edmonton West): Madam Speaker, my question is directed to the Minister of National Revenue. Could the Minister inform the House whether his Department has initiated a program to change the method for determining the benefits to employees of certain companies, in the industrial, financial or life insurance sector, in terms of the value of meals taken by employees in company cafeterias or dining rooms? Could he also inform the House how he intends to proceed and whether this is only the beginning? Does the Minister now intend to tax the benefit accruing to employees as a result of meals taken at the Department of National Revenue and in other departments?

Hon. Pierre Bussières (Minister of National Revenue): Madam Speaker, I think that what the Hon. Member is referring to, namely, the possibility or necessity of taxing work-related benefits, is not a new practice. It is a practice that goes back a number of years, and if I am not mistaken, it was expanded in 1980. Employers are responsible for declaring taxable work-related benefits on the T-4 slips, and the Hon. Member's example comes under this category. Furthermore, employers must follow the guidelines issued at the time in one of the interpretation bulletins.

Mr. Lambert: Madam Speaker, I have a supplementary. Could the Minister inform the House what other employee