

Oral Questions

his comments yesterday the Minister of Finance indeed referred to the fact that the recession is deeper than we expected. In his speech the Governor of the Bank of Canada gave Canadians some very good advice, and I think it would be worth while to draw this advice to the attention of the hon. member for Etobicoke Centre. The advice follows up the answer given by the minister yesterday and is as follows:

Our markets for goods and services both at home and abroad are no longer conducive to rapid price and wage increases. It is now in the interests of both business and labour that they respond by moderating price and income increases in order to protect employment and output.

OUTFLOW OF CAPITAL

Hon. Michael Wilson (Etobicoke Centre): In other words, Madam Speaker, there is no hope for Canadians to avoid the dismal outlook that is evident today.

There are alternatives, and I would like to refer to them. There are a number of them. My question is directed to the Prime Minister. A number of knowledgeable observers have recently drawn attention to the unprecedented outflow of capital as well as Canadian savings from this country. The outflow is about six times the level of the 1970s. If that money had stayed here in Canada it would have been used to create jobs here, not in the United States, not in Australia, and not in the Far East. Since that amount of money is more than equivalent to the cost of all the housing investment in 1981 and clearly would have created a number of jobs in that industry, and new housing units, what steps is the Prime Minister proposing to reverse that capital outflow and create jobs here, not in the United States?

Mr. Douglas Fisher (Parliamentary Secretary to Deputy Prime Minister and Minister of Finance): Madam Speaker, the hon. member's question underlines the need to pursue directly the policies outlined in the budget. He indicates that there is a heavy outflow of capital. Every week the Bank of Canada and the government have been telling the hon. member that we have to maintain our interest rates to keep ourselves attractive to that very capital and to maintain investor confidence in our battle against inflation.

REASONS FOR GOVERNMENT POLICIES

Hon. Michael Wilson (Etobicoke Centre): Madam Speaker, I would like to draw the attention of the parliamentary secretary to the fact that the outflow increased in the last quarter of 1981, after the budget was brought down by his government. That is what has been caused by the government. That is what is causing the outflow of capital. If that money had been invested in Canada with Canadian industry, it would have created over 200,000 jobs in this country, more than the level of the unemployment in the construction industry and the automotive industry combined.

Again I direct my question to the Prime Minister. Would the Prime Minister explain to those unemployed construction and automotive workers why he persists with policies which

are forcing capital out of the country, creating jobs in the United States and Australia and not here in Canada?

Mr. Douglas Fisher (Parliamentary Secretary to Deputy Prime Minister and Minister of Finance): Madam Speaker, we will have jobs and we will be able to bring some recovery to some of these industries as soon as we are able to beat inflation and as soon as we are able to indicate to investors that their investments in this country are safe. Again I would refer the hon. member to the speech given by the Governor of the Bank of Canada yesterday which contained some lessons he would be well advised to learn.

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● (1420)

FINANCE

OFFICIAL'S TELEX ON PROCESSING OF INCOME TAX RETURNS

Miss Pat Carney (Vancouver Centre): Madam Speaker, my question is directed to the Minister of National Revenue. In his absence the Minister of Finance denied that any confusion has arisen regarding the processing of tax returns as a result of his failure to bring budget bills before the House. Yesterday I drew the attention of the House to a telex sent by a Revenue Canada official in Ottawa instructing the Vancouver district office not to process tax returns filed on the basis of the budget. As a result the refunds of thousands of Canadians could be delayed indefinitely.

In light of the tremendous confusion that seems to exist, and the hardship that could be created if Canadians do not receive the refunds they are entitled to, is the minister prepared to change those instructions from Revenue Canada's Ottawa office so that all returns can be processed?

Hon. William Rompkey (Minister of National Revenue): Madam Speaker—

Mr. Epp: Welcome back!

Some hon. Members: Hear, hear!

Mr. McDermid: You did a great job.

Mr. Rompkey: The noise is an indication of the confusion that exists on that side of the House. Indeed, that is where it does exist.

The hon. member read from a telex, but she did not read the complete thing. She read from an older telex, not the most recent telex, that is, the instructions to our people. That is point number one.

We have encouraged taxpayers to file on the basis of the budget proposals. We anticipate no real problem in the provision of refunds. Already this year we have given out almost two million refunds, and this is well ahead of the record for last year. No refunds are being held up and no tax refunds are being stockpiled. The confusion that exists is only on that side