

impact, there is also some erosion in personal direct taxes, as well. The significant slowing of inflation that is induced reduces, paradoxically, the positive impact on personal income tax receipts that would otherwise be generated by the recent introduction of de-indexing. It may be noted, finally, that as provincial and municipal balances are improved, at least part of the unfavourable effect on federal balances could be offset by reduced transfers from the federal to other orders of government.