

Oral Questions

question which has been directed to him, because he has already used a good deal of the House's time.

Mr. De Bané: To conclude, Madam Speaker, I will say that in a formal letter, I advised the Quebec government several weeks ago that I was willing to sign with that government another regional agreement concerning the Gaspé Peninsula, the Lower St. Lawrence area and the Magdalen Islands.

DREE PROJECTS—REQUEST FOR PUBLICIZING OF AGREEMENTS
WITH QUEBEC SINCE 1976

Hon. Roch La Salle (Joliette): Madam Speaker, I wish to ask a supplementary question. It is always interesting to hear what the Minister of Regional Economic Expansion has to say.

To cut it short, could the Minister of Regional Economic Expansion commit himself today to make public, on motions or in a statement, all agreements since 1976 that the Quebec government has refused and the proposals it has made to the federal government and that this government has rejected?

To save time, could the minister make a public statement on the negotiations between Quebec and Ottawa since 1976?

Hon. Pierre De Bané (Minister of Regional Economic Expansion): Madam Speaker, I have no objection whatsoever to making public various projects suggested by the Department of Regional Economic Expansion which the present government in Quebec rejected for the sole reason that they would make the presence of the federal government in the province of Quebec more visible.

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[English]

INCOME TAX

REMOVAL OF INDEXING—UNFAIRNESS TO LOWER INCOME
CANADIANS

Hon. Michael Wilson (Etobicoke Centre): Madam Speaker, My question is to the Minister of Finance and is further to the statement he made in answer to an earlier question. The trial balloon which the government has floated in relation to the removal of indexation on personal income tax is causing Canadians considerable concern, particularly as it would result in a tax increase of over 100 per cent for a married taxpayer with two dependants with a taxable income of \$10,000, a tax increase of around 10 per cent on a taxable income of approximately \$20,000, and a tax increase of only 5 per cent on a taxable income of about \$50,000.

Since the burden of such an increase falls on those in the lower income tax brackets, would the minister not agree that increasing taxes in this manner is most insidious, unfair and regressive? Would it not result in the inequities that he spoke of in such a negative way in his earlier answer?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I appreciate the opportunity to state two things in reply to the question: first, no decision has been made with respect to indexation of the income tax system; second, whatever tax changes were introduced in a budget, I want to assure the hon. member that they would be equitable and they would not attempt to solve the economic problems of the country or the fiscal requirements of the government on the backs of the low income people of this country.

Some hon. Members: Hear, hear!

Mr. Wilson: Madam Speaker, I very much appreciate the response of the Minister of Finance. We will remember it if and when he ever brings down a budget. I would hope that in the course of the preparation of that budget he will remember the interests of the fixed income taxpayers of this country, such as our pensioners.

Will the minister agree that the removal of indexation would be a devious tax dodge which would increase taxation revenue, but would deprive Canadians of a tax measure which is widely regarded as being one of the few disciplines left to encourage this government to control its spending increases?

Mr. MacEachen: Madam Speaker, there is a difference of opinion in the country, as I have learned, on the question of the appropriateness of de-indexation. It is not something that has happened. It may not happen and, therefore, the hon. member ought not to paint difficult scenarios for the people of the country.

But I would say that just recently the financial critic for the NDP, I believe just a moment ago, referred me to the institute on public policy, suggesting that I should read its publication for my instruction. I understand that that body, as one example, has recommended certain changes in the index system in order to deal with the current situation. I make that point simply to tell the hon. member that it is not something one ought to drive out of one's mind as being totally unworthy of consideration. Even his colleague, the former minister of finance, told us that he had considered the proposal: that is what I am doing at the present time.

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GOVERNMENT EXPENDITURES

GOVERNMENT FUNDING OF SPACE RESEARCH CORPORATION—
CRITICISM THEREOF

Hon. Flora MacDonald (Kingston and the Islands): Madam Speaker, my question is to the Minister of Supply and Services: it concerns Space Research Corporation. Given that this firm and two of its officers have been found guilty in a United States district court of violating the United Nations embargo on the sale of arms and technology to South Africa, and given that a *pré-enquête* is under way in Quebec to determine whether or not there is sufficient evidence to pursue criminal charges against the firm and its officers in Canada, will the