

for six months in 1984-85. The other additional tax reduces exemptions for the wealthiest people in Canada in 1984-85, and that is in line with our objective to ask Canadians who are well off to help those who are in need and people who are less fortunate than they are, and that is what this budget is trying to do.

[English]

IMPACT OF BUDGET ON ENERGY PROJECTS

Hon. Don Mazankowski (Vegreville): Madam Speaker, my question is directed to the Minister of State for Economic Development who is responsible for over-all economic development strategy. The Minister will know that over the past three years several energy oriented projects worth \$30 billion to \$40 billion were shelved as a result of the Government's destructive economic and energy policy. Would the Minister identify what specific measures are included in the budget which would facilitate the development of these energy projects, even on a smaller scale? For example, could the Minister indicate to the House what there might be in the budget to facilitate the development of a heavy oil upgrader in Lloydminster which would provide some 93,000 man-years of work over the next five years?

Hon. Donald J. Johnston (Minister of State for Economic Development and Minister of State for Science and Technology): Madam Speaker, first of all I cannot accept at all the premise upon which the question is based. I understand projects of a similar kind have been cancelled in the United States and elsewhere. There are provisions with respect to the PGRT contained in the budget which may indeed have an impact on some of the energy projects.

PETROCHEMICAL PROJECTS

Hon. Don Mazankowski (Vegreville): Madam Speaker, will the Minister not agree that the heavy oil upgrader is currently on the shelf as a result of federal Government policies? It could be spearheaded onward if the Government modified its policies in some respects. The same applies to the petrochemical industry. Some \$6 billion to \$8 billion worth of petrochemical projects are on hold which, again, would provide some 8,000 to 10,000 jobs. They are on hold because of the heavy up-front taxes arising out of the National Energy Program which makes Canada's feedstock uncompetitive in world markets. I would ask the Minister again to identify what positive action there is in the budget to ensure the facilitation of these petrochemical projects so that we can provide long-term meaningful, productive employment, rather than the kind of fluff which we have been hearing from the Minister of Finance.

Hon. Donald J. Johnston (Minister of State for Economic Development and Minister of State for Science and Technology): Madam Speaker, last night I was delighted to hear in this House, as I am sure all other Hon. Members were, about a \$2.4 billion special recovery capital program which, of course, affects 100 projects all over the country, not concentrated

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specifically in one sector. This is going to make an on-going and permanent contribution to productivity through research and development and improved technology affecting all regions. That is what the Hon. Member should be talking about. I hope that in the succeeding weeks we will hear some compliments coming from him and other Hon. Members of the House with respect to the judicious selection of those projects which, as the Minister of Finance indicated during his speech, total over 100.

PROPOSAL TO INCREASE FEDERAL SALES TAX

Mr. Nelson A. Riis (Kamloops-Shuswap): Madam Speaker, while Canadians are recovering from the Minister's recovery budget, I must say I was a bit surprised that the Minister of Finance, who had been saying for many, many weeks that it was going to be a consumer led recovery, last night announced that perhaps one of the ways to assist this is to slap on an additional federal sales tax in October, 1984. If the Minister is serious about a consumer led recovery, would he explain how adding to the federal sales tax will help that recovery? Why did he not instead reduce the federal sales tax this year if he wanted to encourage Canadians to consume goods and services?

• (1440)

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, first of all the Hon. Member has partially given the answer to his own question by pointing out that this increase in sales tax will not take place until October, 1984. By then we hope that the recovery in Canada will not only have taken hold, but that it will be very strong indeed. Secondly, the budget contains measures, such as those with regard to RHOSPs, whereby those who want to buy new homes, furnishings and appliances, will be encouraged to do so and will benefit from significant tax reductions if they make those expenditures by the end of 1984 for houses, and before the end of 1983 for appliances. These are, I believe, significant short-term measures which should help to increase consumption.

I might also mention that the measures I announced yesterday for 1983 are geared to put more money in the hands of low income groups, like low income workers who are going to benefit from the 3 per cent to 20 per cent increase in the \$500 allowance for what is known as the employment expense deduction or tool allowance. That is going to mean something like \$135 million more in the hands of low income workers that they will spend during the next few months. I think this, plus the \$6 billion of tax refunds we are processing at the present time, should be a strong spur to consumption over the next few months.

Mr. Riis: In other words, Madam Speaker, what the Minister is saying is that if recovery begins this year he will slap an extra sales tax on it to make it more difficult for 1984. A puzzling method of economic stimulus.