

Hon. Jacques Flynn (Leader of the Opposition): Did you speak of limitations of expenditures?

Senator Olson: Yes.

Senator Smith (Colchester): I did not note any limitation of expenditures. The budget deficit for the current year appears to be, from reading his statement, very much larger than had been anticipated. In fact, I think those are the words he used, or nearly the words he used.

Senator Olson: Honourable senators, if Senator Smith (Colchester) looks carefully at the communiqué, the minister's speech, or the comments made by the President of the Treasury Board in the House of Commons today, I am sure my honourable friend will find a complete statement as to the reasons. I am not suggesting he would agree with them, but they certainly are there.

Senator Smith (Colchester): Reasons for what, may I ask the minister? Surely it can't be reasons for reducing the expenditure, because, as just pointed out, it has been greatly increased.

Senator Flynn: By \$2 billion.

Senator Olson: Honourable senators, both ministers pointed out that there have been some obvious increases in the service charges for the national debt and, indeed, increases in a number of other areas. With the fiscal responsibility being displayed by this government, obviously some programs will have to be postponed.

I thought Senator Smith was asking me if there were some explanations in the two statements for that, and I suggested to him that there are. He may not agree with them, but they are there.

Senator Smith (Colchester): I thank the minister. I have now elicited from him that questions are speculative; that questions are hypothetical; and that questions relate to policy which will be announced at some vague time in the future, if ever. Further, I am told that if I refer to statements which have been issued by somebody else I might find the answer. I am beginning to suspect that it would be much simpler for the minister to say that he does not know the answers to the questions. This would save everybody's time.

Senator Olson: Senator Smith may wish to do that, and he is free to do that. If he were to do that he would be expressing another opinion with which I would disagree.

Senator Flynn: Why would you? It is quite obvious you do not know the answer.

TRANSFER OF CAPITAL GAINS ON SALE OF FARM ASSETS TO REGISTERED RETIREMENT SAVINGS PLANS

Hon. Lowell Murray: I should like to refer back to questions asked by Senators Nurgitz and Balfour concerning the transfer of capital gains on the sale of farming assets into RRSPs.

In view of the fact that the Minister of State responsible for the Wheat Board, who is Saskatchewan's representative in the federal cabinet, has confessed that he does not know the reason

[Senator Olson.]

the decision was taken and will undertake some research to find out, I wonder whether the Minister of State for Economic Development, who is Alberta's representative in the federal cabinet, could give us an explanation as to why the decision was taken—or was he kept in the dark, too?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, it is not a matter of being kept in the dark. The Minister of Finance gave a brief explanation in his statement to the other place yesterday. He said that the provisions for transfer of capital gains on farming assets to RRSPs were going to be considered, along with other measures, in more detail. He said:

I want to consider these and other measures in more detail, particularly in light of a wide discussion about the role and importance of taxation of capital gains. Therefore, I will be bringing forward a discussion paper on this subject.

Senator Murray may not agree with the answer, but that is a crystal-clear answer.

Senator Murray: You are both satisfied?

Hon. G. I. Smith: That he does not intend to do anything. It would take less words to say that.

GOVERNMENT BORROWING—EFFECT ON EXCHANGE VALUE OF CANADIAN DOLLAR

Hon. C. William Doody: Honourable senators, my question is for the Minister of State for Economic Development. The borrowing requirements for the fiscal year 1979-80 are around \$10.4 billion. For the fiscal year 1980-81 it is anticipated that they will be somewhere in the area of \$11.7 billion. The Crosbie projection and budget of a few months ago anticipated considerably less than that, namely, \$8.2 billion.

In view of these horrendous amounts of money and the anticipated increase in borrowing necessary to achieve the budgetary expectations outlined last night, I wonder what the Government of Canada feels the impact will be on the value of the Canadian dollar during the coming months?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators with the greatest of respect, I have to tell you again that I am not going to speculate on the value of the Canadian dollar or what interest rates might be. When forecasts are made in this respect, they will be made by the Minister of Finance with support and advice from officials in his department. If and when I do know these forecasts—and I do keep up with these matters—I will be prepared to inform the Senate of them.

As I said before, if honourable senators think I am going to speculate on matters that are clearly the responsibility of the Minister of Finance, they are wrong.

Senator Doody: A supplementary question for the Minister of State for Economic Development. Is it possible the minister is telling us that the Government of Canada arrived at these incredibly large numbers, these huge decisions of last night, without any anticipation or projection as to what effect they