

Oral Questions

and that situation is not going to be changed very much if we make minor adjustments here and there. In fact, even if I did take the Hon. Member's advice, meaning that corporate taxes would be removed entirely, even if I did, there would still be a drop in profits. In the circumstances, I think the suggestion made by the Hon. Member is irresponsible.

[English]

INCOME AVERAGING ANNUITY CONTRACTS

Hon. Don Mazankowski (Vegreville): Madam Speaker, my question, too, is directed to the Minister of Finance. I am sure the Minister of Finance has received many representations concerning the iniquitous treatment of I.A.A.C.s and the capital gains reserves, which is still a remnant of the MacEachen November Budget. Is the Minister prepared to consider any changes to the provisions governing the income averaging annuity contracts and, if not, why is he not prepared to entertain changes.

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, my officials and I have examined those issues very carefully. I have examined the representations that were made before the Joint Parliamentary Committee and also the report of the committee. I indicated in my statement in October that there were a number of adjustments that I was ready to make in the current circumstances. I have come to the conclusion that these particular provisions contained in the Ways and Means motion are the right ones in the present circumstances.

● (1425)

I would argue that the various provisions contained in the Ways and Means motion have been the subject of discussion and debate for well over a year. It is high time that Parliament came to a resolution of these issues. I will be very happy to debate those provisions when we come to the consideration of these issues, either in Committee of the Whole or the Standing Committee, if it is decided to refer it there. However, I would advise my hon. friend that the provisions that I have put forward are those which I arrived at as being the most fair in the current circumstances, taking everything into account.

ROLE OF PRIVATE SECTOR

Hon. Don Mazankowski (Vegreville): Madam Speaker, my supplementary is also directed to the Minister of Finance. Since these provisions place a burdensome upfront tax, particularly on small businesses and farmers who in some cases are forced to borrow to pay their upfront taxes, and since this also has the effect of increasing the level of taxation by as much as 25 per cent, how does the Minister square his current position with his statement that he is going to rely upon the private sector and individual initiative, as well as the creativity of the individuals within the private sector, to generate the kind of wealth and confidence that are needed?

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, as well as trying to generate the required wealth and the incentive, we as parliamentarians have a requirement to try to

have a reasonably fair tax regime. In the circumstances one has to bear in mind whether there are exceptional advantages given to limited groups of individuals compared to others.

As I said, a large number of changes have been made to take into account representations that have been received by the parliamentary Committee and by myself as Minister of Finance. I believe the current changes go a long way to accommodate the strongest points that have been put forward, but there are other issues and points on which we must proceed as has been proposed, or with some slight amendment.

I remind my hon. friend that, with regard to small business, I have made several changes to accommodate and help small business, such as putting the 12.5 per cent dividend tax only on future dividends and not on past dividends, not elevating the taxation on health and dental care plans, and not proceeding at this time with the wholesale tax. All these provisions will be of great help to small business.

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LABOUR CONDITIONS

ANNOUNCEMENT OF LAY-OFFS AT BOWATER PLANT IN NEWFOUNDLAND

Mr. Rod Murphy (Churchill): Madam Speaker, my question is directed to the Minister of Finance. Yesterday we learned that 750 people in Corner Brook will be losing their jobs as a result of the partial closure of the Bowater plant. Considering that this closure will have a significant effect on the economy of that Province, is the Government willing to investigate charges made by people in the Province that, through its other operations around the world, Bowater is dumping paper products on the world market, and that it has refused to modernize the plant in Corner Brook over the last 30 years?

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, I will take notice of the suggestion made by the Hon. Member and examine whether it would be appropriate to have an investigation made of this situation. Indeed, if there are elements of evidence that could justify such an investigation, I will certainly discuss it with my colleagues.

ELECTION PROMISE

Mr. Rod Murphy (Churchill): Madam Speaker, I thank the Minister for the answer he has given. However, I remind him and the House that, in the 1980 election, the Liberal Party as part of its platform announced, and I quote:

Liberals will expand and strengthen the Foreign Investment Review Agency to include a periodic review of all firms . . . to assess the performance of those companies.

The Mayor of Corner Brook said that they have been told for years that the company had been making money. Will the Government admit now that its failure to act on its own election promise has resulted in lay-offs occurring without us knowing whether or not they are necessary? Will the Minister