

about his economic policies which came during that famous lunch held across the river in Quebec the other day. Perhaps the minister cannot remember exactly what he said as a result of the lunch.

● (1425)

**Some hon. Members:** Oh, oh!

**Mr. Rae:** However, this is the only report on which we can rely in terms of what he said.

**An hon. Member:** That was a cheap shot.

**Mr. Rae:** It was neither a cheap shot nor a cheap lunch, Madam Speaker.

My final supplementary question has to do with the banks. I would like to ask the minister how he can possibly justify his failure to take action on the profits of the banks when it has been clearly established that, of the five most profitable banks in the western world, four of them are Canadian banks, and the most profitable bank, the Royal Bank of Canada, has a return on capital which is three times greater than the most profitable Swiss bank. How can the minister possibly justify his refusal to take action against the banks when he has those kinds of profitability figures available to him?

**Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance):** Madam Speaker, the hon. member has once again raised the question of taxing the banks. Perhaps he would examine the role of the Small Business Development Bond and the role of term preferred shares and income debentures in financing investment in this country. And has he reflected on the fact that at this time a tax which he put forward would obviously have the effect of closing off, for example, the use of the Small Business Development Bond which depends upon the after tax financing system which flows from that bond? Has he reflected on how is it possible for the banks, through the bond, to offer small business men rates of interest about half the effective market rate of interest? What he is proposing would have the effect of raising the effective rates of interest to small business men in this country. Like all his other rhetorical questions, they have very little substance and very little analysis.

**Some hon. Members:** Oh, oh!

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[Translation]

### ENERGY

INQUIRY WHETHER GAS INCREASE IN QUEBEC WILL AFFECT PAYMENTS TO EASTERN PROVINCES

**Mr. Irénée Pelletier (Sherbrooke):** Madam Speaker, my question is directed to the Minister of Energy, Mines and Resources. Following the substantial increase in the price of gas announced this week by the Quebec Minister of Finance, an increase of 35 cents per gallon—which is certainly the

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highest ever in Canadian history—could the minister tell the House whether this unusual increase will in any way affect payments to eastern provinces during the last few years in order to prevent too great a disparity in the price of gas across Canada?

**Hon. Marc Lalonde (Minister of Energy, Mines and Resources):** Madam Speaker, this quite substantial price increase has created a situation where the average driver in Montreal, for instance, will be paying more than those in Newfoundland, who, traditionally, have been paying higher prices than anywhere else in Canada. At the present time, the people in Quebec are being taxed more heavily than anywhere else by their provincial government, not only in the area of income tax but even at the gas pump. I can assure my hon. colleague that the Government of Canada will maintain its policy of a standard base price throughout the country, so that all Canadians can benefit from a base price for oil that is reasonable and acceptable. Unfortunately, the Government of Canada has no control over taxes levied by provincial governments, including the PQ government in Quebec City.

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[English]

### THE BUDGET

#### IMPACT ON SMALL BUSINESS

**Mr. Otto Jelinek (Halton):** Madam Speaker, my question is for the Minister of Finance. In his budget last week the minister attempted to point out a myth whereby the rich would suffer while middle class Canadians and small business would benefit, in other words, his Robin Hood approach to tax reform.

Now a number of nationally recognized accounting firms, including Dunwoody & Company, have in fact determined that the majority of small business men, who are already in dire straits, are saddled with considerably higher income taxes, some 20 times higher than last year, while the wealthy in the \$200,000 and \$300,000 bracket will in fact enjoy a reduced rate, as indicated in detail by this paper from Dunwoody & Company. It is not exactly the picture the minister tried to paint last Thursday. I therefore would like the minister to justify to this House, and particularly to the small business men who are already suffering as a consequence of the government's economic policies, this absolute reverse, contradictory and negative effect his budget is now having on the small business sector.

● (1430)

**Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance):** Madam Speaker, I will welcome at a later date the opportunity to outline in detail the impact of the budget on small business in the country and, in particular, to answer point by point the unjustified allegations made by Mr. Bulloch as to the impact of the budget on small businesses. The fact of the matter is that, over all, the budget measures