

Oral Questions

An hon. Member: That is right.

Some hon. Members: Hear, hear!

EFFECT ON LONG-TERM INVESTMENT AND EMPLOYMENT

Mr. Chris Speyer (Cambridge): Madam Speaker, does the minister agree with my assertions that there is going to be a drying up of long-term investment from the insurance industry as a result of these tax measures? Does the minister agree that the jobs of thousands of Canadians are imperilled as a result of his measures?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Absolutely not, Madam Speaker. The hon. member is speaking complete nonsense.

EFFECT OF PROVISIONS ON RETIREMENT INCOME OF FARMERS

Mr. Blaine A. Thacker (Lethbridge-Foothills): Madam Speaker, my question is for the Prime Minister. It is a matter involving the budget which simply has to be changed. No doubt the Prime Minister is aware that there are about 330,000 farmers in the country and that the average-size farm is less than 200 acres in Ontario. The tax measure around which my question evolves applies equally to small business men. The Prime Minister knows that those small farmers pass their farms on to the next generation and have a pension for themselves either by selling their farms for cash and taking an income-averaging annuity, or if they sell by term they use capital gain reserves. The Minister of Finance has abolished both of these legitimate and honest financing mechanisms. Can the Prime Minister tell me whether that is government policy at this time?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, obviously anything that is in the budget is government policy.

● (1420)

MINISTER'S AWARENESS OF EFFECT

Mr. Blaine A. Thacker (Lethbridge-Foothills): Madam Speaker, my supplementary question is directed to the Minister of Finance. The Minister of Finance drew up the election platform in 1980 which promised substantial relief from capital gains for the farm community. Was the minister consciously aware of the effect that these two provisions in the budget, namely, income-averaging annuities and the capital gains reserve, would have on the small farmers and small businessmen in Canada when he put them in his budget?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, obviously I examined each of these items very carefully. I would ask the hon. member whether he has considered the forward averaging system, which is put forth in the budget, as a very adequate and more fair substitution for the income-averaging annuity

contracts which were used in large part by high income earners to avoid tax.

INCOME TAX PROVISIONS

Mr. Bob Rae (Broadview-Greenwood): Madam Speaker, my question is also for the Minister of Finance. The minister no doubt will know that after he has closed all the loopholes which he has said he is going to close, apart from the ones he has changed his mind about in the last two days, .1 per cent of those earning less than \$15,000 will have a basic reduction in taxes, and 70 per cent of those earning over \$50,000 will have a basic reduction in tax. In light of those shocking figures in terms of the discrepancy in the benefits of the budget to the rich and the poor, I would like to ask the minister how he can possibly talk about equity in his budget.

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, the last time the hon. member cited a tax item from the budget he made a mistake, as I discovered in going back to the budget documents. If he wants to ask statistical questions in the House of Commons there is a proper way to do it, namely, to put them on the order paper, and I will deal with them in that way.

DEFINITION OF "NEW KEYNESIANISM"

Mr. Bob Rae (Broadview-Greenwood): Madam Speaker, the minister can be as condescending and as inaccurate as he chooses to be. This is not a statistical question. This is a question about the basic impact of the budget on working people, on poor people, on women and on pensioners. If the minister wants to make it simply a question of statistics, that is his problem, but unfortunately it becomes the problem of millions of Canadians when they see how callous the government is in face of the hard economic facts of life.

If the minister has a correction to make to something I said, there are ways and means by which he can do that, and I will be glad to debate it with him at the appropriate time. The minister spoke the other day about a "new Keynesianism". If the minister refuses to answer the first question, let me ask him whether by this "new Keynesianism" he means a dramatic shift in job-creation programs, because I would point out to the minister that in 1971 when unemployment was far lower than it is today, the government was spending almost three times as much money on direct job creation than it is today. Is that a definition of the "new Keynesianism"?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I have never talked about "new Keynesianism." Maybe the hon. member could tell me what he means by that.

TAXATION OF PROFITS OF CHARTERED BANKS

Mr. Bob Rae (Broadview-Greenwood): Madam Speaker, I am simply relying on a report of what the minister had to say