

HOUSE OF COMMONS

Friday, May 9, 1969

The house met at 11 a.m.

ROUTINE PROCEEDINGS

REGIONAL DEVELOPMENT

Third report of Standing Committee on Regional Development—Mr. Morison.

INCOME TAX

TABLING OF DRAFT REGULATIONS AFFECTING INSURANCE INDUSTRY

Mr. H. E. Gray (Parliamentary Secretary to Minister of Finance): Mr. Speaker, pursuant to Standing Order 41(2) I propose to lay upon the table of the house draft income tax regulations affecting the taxation of the insurance industry. The regulations set out details of the computations of deductible policy reserves, of the portion of the investment income of companies with international operations which is to be attributed to Canada, and of the portion of the assets of companies with international operations which is to be considered Canadian.

As indicated earlier by the Minister of Finance (Mr. Benson), the regulations are being made public in draft form to facilitate parliamentary and public consideration of Bill C-191.

ORAL QUESTION PERIOD

THE CANADIAN ECONOMY

REQUEST FOR EXPLANATION OF EXPENDITURE CUTS ANNOUNCED BY PRIME MINISTER

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, my question is to the Prime Minister. In order to clear up any possible ambiguities arising out of the Prime Minister's statement yesterday about further "expenditure cuts", would the right hon. gentleman advise the house whether such cuts are to apply to the current estimates or are they to be for the 1970-71 fiscal year, as suggested by officials of the Department of Finance?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, they will be for 1970-71 and

future years. It is a matter of cutting into expenditures and programs which are now in existence and which will have to be curtailed. I have alluded to them at other times in discussing with the house the need to discuss with the provinces, for instance, the necessity to curtail spending in shared-cost programs and so on. There will be a definite program of expenditure cuts which will have to be discussed with the provinces in order that they realize that some of the important programs will have to be curtailed.

Mr. Lambert (Edmonton West): A supplementary question, Mr. Speaker. Then we are to take it that the answer given by the Prime Minister is not as to action for immediately dealing with the problem of inflation, which was the question yesterday?

Mr. Trudeau: On the contrary, Mr. Speaker; it is a very important aspect. One of the reasons for inflation is that in many cases these expenditure programs are rising at a rate faster than the revenue expected by the governments of the provinces and the federal government. It is necessary, in order to curtail inflation, to make sure that expenditures do not exceed the revenues in a consistent way. This is one of the basic tools for hitting at inflation.

Mr. Lambert (Edmonton West): I have a further supplementary question, Mr. Speaker. I wonder whether the Prime Minister could advise the house as to what he means by the phrase "certain vested interests in the country". Do these vested interests include old age pensioners, farmers and others who are beneficiaries under government programs?

Mr. Trudeau: Perhaps vested interests can define themselves. But I am prepared to indicate that one vested interest I had in my mind was the opposition parties who were constantly asking for greater expenditures in every area.

Mr. A. P. Gleave (Saskatoon-Biggar): I have a supplementary question, Mr. Speaker. May I ask the Prime Minister whether, in his proposal to effect these drastic cuts he can assure us that the very modest assistance given to agriculture will not be reduced and