

Oral Questions

to the economy, is going to remain unchanged in the forthcoming Budget. My question is simply this. Why is the Government prepared to change programs directly affecting middle and low income Canadians in a very negative way, but is leaving unchanged in this Budget expenditures of hundreds of millions of dollars which could be saved, and which could result in our leaving our social programs entirely alone?

● (1430)

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, I do not know why the Leader of the New Democratic Party would presume to articulate policies that will be in the Budget. I would have thought that he would have joined in some modest rejoicing in the fact that, in a short period of time, almost 100,000 new jobs have been created. The bank rate is down 2.7 points, which I think he would agree is very important. The unemployment rate dropped below 11 percentage points for the first time in 32 months. I think that is very healthy and encouraging for the people of Canada to know.

Some Hon. Members: Hear, hear!

Mr. Mulroney: While these signals of improvement are, I acknowledge, modest, they are important, and I can assure my hon. friend that the point to which he referred, and others, will be actively considered and included by the Government in economic statements and Budgets designed to create jobs in Canada. That is what it is all about, the creation of employment, and that is precisely what we are going to do.

GOVERNMENT POLICY

Hon. Edward Broadbent (Oshawa): Mr. Speaker, I listened to the Minister of Finance with care, and I heard him say that the kind of studies that my colleague asked about in his question just a few minutes ago, are going to continue after the Budget. He did not say that we are going to have major corporate tax reform in this Budget. He said that there are going to be studies which will continue. I would like the Prime Minister to clarify this question, because it involves millions of dollars and affects social programs and jobs.

A document produced by the Government which shows two things was brought to my attention over the Christmas period. It shows that corporate tax reduction policy is the most costly and the least effective method of job creation. That is a document produced by a federal Department. Is the Prime Minister prepared to act on this? Is he prepared to act in the coming Budget? Specifically, will he change corporate tax policy to ensure that dollars going out to corporations will only go to them if directly related to job creation? Will he put an end to give-aways?

Some Hon. Members: Hear, hear!

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, I will tell my hon. friend what he already knows—a policy that has been consistent throughout the years. Tax changes will be announced in the Budget, and not anywhere else.

REQUEST THAT POLICY BE ENDED

Hon. Edward Broadbent (Oshawa): Mr. Speaker, it is not quite so easy. The Prime Minister himself said after the meeting at Meech Lake there were going to be other expenditure cuts. I am referring to what the Prime Minister has said. He said there would be expenditure cuts, and if I understood him correctly that was in the social program direction, but he can clarify that. Why can he not tell the people of Canada in the interest of justice, fairness, and job creation, that he will put an end to a corporate tax policy which is costing us billions of dollars and is ineffective in creating jobs?

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, we are committed to a policy of greater fairness in the tax system, both for individuals and corporations. We are committed as well to the creation of jobs. My hon. friend might agree that we have done a reasonable job so far in creating almost 100,000 new full-time jobs in Canada in a three-month period. I can assure you that all intentions and policies which will be announced at an appropriate time by the Minister of Finance will be designed to do precisely that.

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CANADA PENSION PLAN

USE OF FUNDS BY PROVINCES

Hon. Douglas C. Frith (Sudbury): Mr. Speaker, in the past surpluses in the Canada Pension Plan have been used by the provinces as a source of cheap borrowing. My question is for the Minister of Finance. In the present round of renegotiations with the provinces on the contribution rates, would he guarantee Parliament that he will stop abuse by the provinces in the way in which they have those funds and, instead, advocate those surpluses be used to enhance the payments to Canada's disabled through the Canada Pension Plan disability payments, and to introduce, for the first time in Canadian history, the ability of Canadians to take early retirement? The Province of Quebec made this move one year ago.

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, it is very interesting to watch all these conversions on the road to Damascus. The Liberals established the Canada Pension Plan to provide for the cheap borrowing by the provinces in 1966. I do not know what has changed since then that the Opposition is going to criticize the Government for reviewing this whole policy at this time.

We are looking at the structure of premiums, with the provinces. This matter has been recommended to Governments for a number of years but was continually put off by the Opposition when it was in Government. We are looking at this because there is some real concern on the part of pensioners as to the integrity and sufficiency of the pension plan. There is also concern by the provinces as to whether the money will be there for them to borrow. We also want to allow small business to make plans based on what has been acknowledged is an