

the middle class was going to be taxed 26 times as much as wealthy Canadians. A closer analysis of last Thursday's Budget indicates that as a result of tax increases and de-indexing of Old Age Security pensions, domestic demand will drop \$3 billion in 1986-87, \$5 billion in 1987-88, \$7.3 billion in 1988-89, \$9.5 billion in 1989-90 and \$12 billion in 1990-91.

My question to the Minister of Finance is very simple. How does the Minister intend to create the jobs he promised Canadians by cutting the purchasing power of the middle class?

[English]

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, on many occasions the Hon. Member opposite has commented on the danger of running up deficits and debts which are too high. I believe he has pointed out why we did not go farther in the deficit cutting exercise. We have maintained a balance. We have tried to have regard for the impact on Canadians and for the impact on the economy. For that reason we chose the direction which we have taken in the Budget.

However, if the Hon. Member suggests we should be cutting somewhere else, and not in the ways he has suggested, then I would appreciate him advising me. I do not think he would wish to have a higher deficit than that which I brought in last Thursday.

[Translation]

Mr. Garneau: Mr. Speaker, that is not the point. If we can afford to reduce the tax burden on the oil multinationals, why can't we afford to maintain the purchasing power of middle-class Canadian taxpayers?

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FINANCE

ASSISTANCE TO MEDIUM AND SMALL ENTERPRISES—JOB CREATION—GOVERNMENT POSITION

Mr. Raymond Garneau (Laval-des-Rapides): Mr. Speaker, I have a supplementary. I would also like to point out to the Minister of Finance that although he is very found of using the United States and the Prime Minister's buddy, Mr. Reagan, as a model, the U.S. economic recovery was the result of reducing taxes and increasing the deficit. My supplementary is as follows: Could the Minister inform the House how, if the purchasing power of Canadian families is cut by \$1,000 a year, starting in 1988, there will be enough demand to help small- and medium-sized businesses create jobs and produce more, also considering that our industrial capacity is under-utilized?

[English]

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, I am left to draw two conclusions from the Hon. Member's question. First, he would wish that I increase the deficit to something in the order of \$38 billion or \$40 billion. That is the direct conclusion which I draw.

Oral Questions

The second conclusion is that, in an imaginative way, without drawing on the resources of the Government, we have opened access to vast amounts of capital for the small business community. As the Hon. Member and I are well aware, the small business community is the major generator of economic activity. It is the creator of jobs. That is the direction in which we have gone, and I think the people are supporting it.

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CROWN CORPORATIONS

SALE OF CANADA DEVELOPMENT CORPORATION—EFFECT ON KIDD CREEK MINES LTD.

Mr. Aurèle Gervais (Timmins-Chapleau): Mr. Speaker, my question is for the Minister of Regional Industrial Expansion. In the budget speech it was stated 13 Crown corporations will be sold, one of which is the Canada Development Corporation. The CDC owns 49 per cent of Kidd Creek Mines Ltd., the largest employer in my riding of Timmins-Chapleau. Will the Minister tell me what ramifications, if any, the sale of the CDC will have on Kidd Creek Mines, its employees, and the community of Timmins?

● (1510)

Hon. Sinclair Stevens (Minister of Regional Industrial Expansion): Mr. Speaker, the possible sale of some 23 million government shares which was announced today will have no direct effect on the Kidd Creek Mines operation. I would remind the Hon. Member that there is no suggestion that the board will be changed, or that the management of CDC will be changed. As he probably knows, that mine had a much better experience in the current quarter than in earlier quarters. It actually was on a profit level and had a cashflow level of \$18.3 million.

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AGRICULTURE

REDUCTION OF SUBSIDIES

Mr. Stan J. Hovdebo (Prince Albert): Mr. Speaker, my question is directed to the Minister of Finance. The Budget indicates that an annual reduction of \$50 million will begin in 1985-86 and will continue to 1990-91. Can the Minister clarify the effect of the reduction? Will it be a one-shot affair which will end up as being a \$300 million reduction in the money which will go to farmers over six years, or will it be a \$1.05 billion reduction in the money which will go to farmers on a cumulative basis?

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, I presume the question related to the \$50 million reduction in agriculture subsidies.

Mr. Hovdebo: Yes.