

morning and later, in answer to a question put by the hon. member for Yorkton-Melville (Mr. Nystrom) about forward averaging. Could the minister tell us if he is prepared to table for the benefit of the House the figures which will show the comparative effects of IAACs and forward averaging? It would be useful if the House could have the benefit of the information which the minister seems to have given to a number of groups so that we can realize in money terms what the comparative advantages and disadvantages are. Our impressions, from talking with a number of farm organizations, are very much the opposite—

**Mr. Deputy Speaker:** Order, please. The hon. member has made a comment. At this stage he can ask a short question. The Minister of Finance (Mr. MacEachen).

**Mr. MacEachen:** Mr. Speaker, I think the question asked by the hon. member is very relevant. Not until one looks at the comparative figures is it possible to draw a conclusion about the advantages or disadvantages of one system over another. Based upon that analysis, it is my view that in general the forward-averaging system is likely to provide more flexibility to farmers and others. As I stated earlier, Canadian cattlemen reached that conclusion after discussions with us in Oshawa.

With respect to the detailed analysis, I am sending comparative statistics on the impact of both systems upon farmers and others to members' offices. I am quite concerned that the new system should not disadvantage the farming population which in certain circumstances have come accustomed to the use of income-averaging annuity contracts.

**Mr. Jim Hawkes (Calgary West):** I am concerned about the social impact of this budget and the things that are not changed. There is no change in the relation to increased health care costs, the hidden taxes that still effect the poor and lower-income Canadians in a devastating way, and there is on the income tax side and on the capital gains side an attack on the institution of marriage or a reward for the dissolution of marriage. I am also interested in the issue of charitable donations when it costs rich people half as much to donate to their church or charitable organization as it does poor people. The rich get \$100 back on a \$200 donation but poor people get nothing or maybe \$12 back.

**Mr. Deputy Speaker:** The hon. member is not permitted to make a statement at this point but he may ask a question.

**Mr. Hawkes:** I wonder if the issue is closed or if members of the House can further petition the Minister of Finance (Mr. MacEachen) to bring some social equity for poorer and lower-income Canadians back to the budget. Is that a foregone conclusion—we cannot do it or will we have the opportunity—

**Mr. Deputy Speaker:** The hon. member should ask his question.

**Mr. MacEachen:** Mr. Speaker, of course, I disagree with the conclusions of the hon. member. It is my belief that the additional tax burden that has undoubtedly been placed upon

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citizens of Canada as the result of this budget, rests mainly upon the shoulders of those in higher-income groups and that in general, lower and middle-income Canadians are better off as the result of the budget. That is my belief and it is demonstrated in the tax tables that have been made available to hon. members.

With respect to the hon. member's reference to charitable organizations, it is true that certain proposals have been made in the budget with the objective of facilitating the disbursement of funds which are intended to be used for charitable purposes. Questions have been raised and I have agreed, if the House can make the arrangements, to have that question as well as a number of other issues studied by a standing committee. If hon. members have a better view, then I will be glad to consider it.

I find it rather strange that hon. members now have protested so violently against adjustments and proposals which I have made in response to citizens' representations, in response to representations from the Liberal caucus and in response to representations from the other side. What is democracy all about?

**Mr. Blaine A. Thacker (Lethbridge-Foothills):** Mr. Speaker, my question relates to fiscal relations in the country. He will know that his budget provided for a cut of \$5.7 billion in transfers to the provinces. As a result of closing what he called loopholes or investment credits, the provinces would have increased revenue of some \$3.6 billion over the five-year period for a net loss of \$3.1 billion. He has obviously reopened the investment credits and that will reduce provincial income tax. Is he going to take that into consideration when he is negotiating with the provinces?

**Mr. MacEachen:** Mr. Speaker, if the provinces begin to acknowledge the benefits that flow to them from the tax changes, then of course it will be an encouragement for me to consider that question. Even though I made a determined effort in the budget to flow additional benefits to the provinces through tax changes, up to the present time they have not been ready to acknowledge that as an important factor in the over-all benefits to the provinces. I think I must get the acknowledgement before I begin to readjust the payments.

**Mr. Rod Murphy (Churchill):** Mr. Speaker, I have a question for the Minister of Finance. Unlike the Conservative Party, we have already finished our economic tour of the country, and have heard from employers and employees. Workers who work in northern areas have traditionally received some subsidy for the higher cost of living and for food in these northern areas. I wonder if the minister is still going to tax those benefits despite the fact that the Canadian Petroleum Association, the International Woodworkers Association, the Council of Forest Industries and others are concerned about the development of the north, with those benefits which are strictly work related being taxed.

**Mr. MacEachen:** Mr. Speaker, I am glad that the hon. member asked that question because it gives me the opportu-