

remember that coalition—I understand it is now disintegrating; certainly it has lost the president of the Toronto Stock Exchange—which came to Ottawa on December 9, staged a press conference and raised hell about the budget. It was a very impressive demonstration, temporarily, and on that occasion the president of the Toronto Stock Exchange stated that the budget hurt the capital investment process.

Mr. MacKay: The market sure showed it, didn't it?

Mr. MacEachen: He stated that the budget would create an advantage for foreign investors over domestic investors. For every rich Canadian hit by the budget there are 28 average Canadians who use the interest deductibility provisions and provide financing for new business.

Mr. MacKay: How is the market these days?

Mr. MacEachen: Having listened to those views and the views of members of the House of Commons, I made changes to that provision on December 18.

Then on January 18 the same person, the president of the Toronto Stock Exchange, wrote me a letter saying that the December 18 amendment to the federal budget on interest expense deductibility—

—addresses the concerns expressed by the Toronto Stock Exchange and other representatives of the securities industry over the impact of the original proposal on investment in growth-oriented companies.

And industries.

Mr. Baker (Nepean-Carleton): Let's hear what the ordinary Canadian says about your budget.

Mr. MacEachen: Anti-investment? That same old complaint is being repeated by the Leader of the Opposition today. On that general point I prefer the observations of the president of the Toronto Stock Exchange and the president of the Investment Dealers Association, both of whom have said they have no further issue to place on the point of interest deductibility.

Mr. Wilson: Why did they appear before our committee?

Mr. MacEachen: Why do I raise this? I mention it because this was a great big issue. It was supposed to be the tremendous sign that we were anti-investment, and it has been removed. Everything has been straightened out, according to the views of these representatives, and still the Leader of the Opposition repeats that old refrain. So in this case I prefer the views of these particular persons to those of the Leader of the Opposition.

Some hon. Members: Oh, oh!

Mr. MacEachen: Mr. Speaker, I listened very carefully to the Leader of the Opposition. He was given total attention by hon. members on this side of the House. I listened to the leader of the New Democratic Party and he was given total attention. Since I began to speak I have been heckled and barracked by members of both parties. My conclusion on that is that these

Supply

points are striking home and that instead of silence they are reacting with their usual and customary demonstration in the House of Commons.

Mr. MacKay: Look at the expression on those faces behind you.

Mr. Epp: Allan, don't look behind you.

Mr. MacEachen: Mr. Speaker, I will say just one word about a statement made by the Leader of the Opposition on the child tax credit. He has said that the effect of the budget measures is to remove the child tax credit from 60,000 Canadian mothers. I find that an extraordinary statement to be made by the Leader of the Opposition. I would like him, if he can, to produce evidence which shows that the child tax credit has been denied to 60,000 mothers. The child tax credit is payable in full to families whose net income in 1982 is less than \$26,330. For families with incomes above this threshold the tax credit is reduced by 5 per cent of income in excess of the threshold. This year the indexing of the credit has increased the threshold income level by some \$2,850. The increase in the threshold more than offsets the effects of the inclusion of employee benefits in income computation. Including all the budget changes and indexing the effect in 1982 will be to increase over all the child tax credit from \$900 million, which it would otherwise be, to over \$1.1 billion.

Mr. Breau: Wrong again, Joe.

Mr. Trudeau: Withdraw.

Mr. MacEachen: On balance, these changes will increase the total amount of the child tax credit. Indeed, the impact of the budget change and indexing is to raise the credit by over \$200 million. In general, the impact on employee benefits will be more than offset by the indexing provisions, but I would say that a few high income individuals who had been able previously to shelter their taxable income through large deductions for income-averaging annuity contracts, soft costs and the like will no longer qualify for the child tax credit.

Some hon. Members: Hear, hear!

Mr. MacEachen: If hon. members had looked at the tax tables presented with the budget and scrutinized them carefully they would have found that very high-income people were eligible, because of the tax system, for the child tax credit. That certainly was not the intent. I know a wealthy professional who at the Canadian Tax Foundation said that the only impact of the budget on him would be that he would lose the child tax credit.

Mr. Clark: His tax rate would go down.

Mr. Cousineau: Good, Joe.

Mr. MacEachen: Surely, it was about time somebody—even though it was difficult—took a look at the array of selective tax preferences in the tax system which benefited mainly high-income people, allowed large numbers of Canadians to pay no