

*Oral Questions***FINANCE****TAX DEDUCTION FOR DAYCARE EXPENSES**

Mr. John Bosley (Don Valley West): Madam Speaker, I have a question for the Minister of Finance. He will know that for a young family to survive today it has become almost mandatory for both spouses to work and, to permit that, daycare is essential. The minister will know that if the wife works and the husband goes to school, the cost of child care is deductible, but if the situation is reversed and the wife wishes to increase her work skills, no deduction is allowable.

The Canadian Human Rights Commission recommended to the minister in its 1980 annual report the elimination of this discrimination which, it said, "perpetuates negative attitudes to women who are working or completing their education".

Having brought in two budgets without eliminating this discrimination as recommended, when does the minister plan to do so?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I am quite aware of the concern which has been expressed by the Canadian Human Rights Commission. It is a matter which has been raised several times before. At present there is an interdepartmental review in progress which is dealing with this matter. A number of departments, I believe including the department responsible for the status of women, is involved, and I hope the results of that review will lead to some constructive results.

Miss MacDonald: Get on with it.

Mr. Bosley: Madam Speaker, the minister will know that not only are the terms of the deduction discriminatory but also the size of the deduction has not been increased for some time.

LEVEL OF DEDUCTION

Mr. John Bosley (Don Valley West): Madam Speaker, the government itself recently increased the cost of child care to Canadians greatly by raising the minimum wages payable to family helpers. Can the minister explain to Canadians why the deduction was not at the same time increased, or if it will in fact be increased in the immediate future to cover the costs that the government itself is asking Canadians to bear?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, I hope the review committee will take into account these particular factors the hon. member mentions and devise some way of handling them.

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THE ECONOMY**GOVERNMENT POLICY ON INTEREST RATES**

Hon. George Hees (Northumberland): Madam Speaker, I would like to address a question to the Minister of Finance. As virtually all economic forecasters are predicting that unemployment will continue to rise as long as the government

persists with its high interest rate policy, I would like to ask the minister if he could tell the House just how high the government is willing to have the unemployment rate rise before he is willing to consider a policy of allowing interest rates to fall to a level just above the rate of inflation and using the resultant drop in the value of the dollar to stimulate the economy, as has been done very effectively when used in this way in the past, and in this way restore employment in Canada to a satisfactory level.

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, with his experience the hon. member knows that the basic reason we have high interest rates in Canada and other countries of the world is because we have very high prices and very high inflation, and the moment we succeed in bringing down inflation we will see an improvement in interest rates. That is why the purpose of the government is to pursue an anti-inflationary policy in order to bring interest rates down.

I do not believe it would be in the best interests of the country to reduce interest rates arbitrarily, and expect our problems to be solved that way. I believe, as stated by the hon. member for Etobicoke Centre some time ago, that would be a policy of desperation. That is one area of economic policy in which I agree with the hon. member for Etobicoke Centre and disagree with the hon. member for Northumberland.

EFFECT OF POLICY

Hon. George Hees (Northumberland): Madam Speaker, it seems to me that the minister's point of view is that "everybody is out of step but Allan", because all the businessmen of this country are in favour of the policy I have mentioned. Farmers are universally in favour of it. In fact everybody in the country you talk to, including the vast majority of Liberal members sitting on that side of the House, is in favour of it. The Canadian people own the country, not the Minister of Finance and his little coterie of advisers, including the Governor of the Bank of Canada. The people of Canada own the country. It is their country, and if they want a policy introduced, does the minister not think they are being asked to bear an awfully heavy burden just to sustain the stubbornness of a government which simply will not see and is completely out of touch with the economic realities of the day?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, the hon. member says I am out of step with everybody. I just read a comment made today by Henry Kaufman, the chief economist for Solomon Brothers in New York, who is probably Wall Street's most respected financial analyst. The hon. member is a former president of a stock exchange and I thought I should quote somebody he might respect.

Mr. Hees: I quote Canadians, not Americans.