

Supply

that lower taxes were available to the numbers I have mentioned with higher taxes for a very small number of Canadians.

The method I chose to raise the new revenues protected the vast majority of low and middle-income Canadians from higher taxes. Through indexing cuts in marginal tax rates and a redesign of the federal tax credit, millions of Canadians will pay less tax for 1982. I draw this fact to the attention of the leader of the New Democratic Party, that of the roughly 14 million Canadians with incomes under \$30,000—that is the group that I was principally interested in—

Mr. Broadbent: What was their average weekly saving?

Mr. MacEachen: —a full 95 per cent will pay less tax or have no tax increase.

Mr. Broadbent: Four dollars a week?

Mr. MacEachen: That is quite a difference compared to the statements that have been made by the Leader of the Opposition and the leader of the New Democratic Party.

Mr. Broadbent: Four dollars a week.

Mr. MacEachen: Indexing alone will reduce taxes for Canadians by more than \$3 billion. This includes larger personal exemptions and an increase in the child tax credit from \$261 to \$293 for each child.

Very little attention has been paid to the change in the federal tax credit. That change targets benefits toward one-earner families with low and middle incomes. The tax credit will rise from \$200 to up to \$400 for approximately 1.5 million Canadian families. That has been virtually ignored. It was a very important step taken to flow some income into the budgets of this particular group of Canadian families and it was virtually ignored, Mr. Speaker.

I have to accept the fulminations of the Leader of the Opposition on this matter when they are based upon false information and misrepresentation from the Leader of the Opposition. I welcome the opportunity to make this statement today. I am not seeking refuge at the Canadian Club to avoid the Leader of the Opposition. Let me tell him that I am delighted to have this opportunity to tell the House and all Canadians that I stand behind the budget, which has produced tax savings in a time of restraint for the vast majority of the Canadian people.

Mr. Baker (Nepean-Carleton): So do three or four others.

Mr. Clark: You can come to my meeting in Port Hawkesbury.

Mr. MacEachen: Yes, the Leader of the Opposition has been in Cape Breton Highlands-Canso before. I welcome him again, because the only time he was there my majority was the highest I ever had.

Mr. Clark: You are invited to the meeting, Allan.

Mr. MacEachen: The complaints that were made last December have disappeared from the statement made by the Leader of the Opposition. All we have heard today are some false statements about employee benefits and the child tax credit. Gone are the specific complaints that we heard last December.

The Leader of the Opposition has stated that this budget is anti-investment. I reject this assertion categorically.

Mr. Wilson: You never understood it.

Mr. MacEachen: The fiscal stance in the budget is directed to removing the main obstacles to investment—inflation and high interest rates. The tax measures are also designed to channel funds to productive investment and to encourage investment through cuts in the marginal tax rate. Why is it that so many commentators and observers have virtually ignored the very important step taken in lowering the marginal tax rate? The lowering of the marginal tax rate reduces the maximum tax on capital gains from 33 per cent to 25 per cent. The maximum tax on dividend income is also reduced to 25 per cent. I would prefer to take the advice of authorities other than the Leader of the Opposition on this point.

With regard to marginal tax rates, the Business Council on National Issues states:

—the general reduction in tax rates combined with the tones and perspective offered in the paper "Economic Development for Canada in the 1980s", are extremely encouraging steps.

That is not the language of the Minister of Finance but the Business Council on National Issues.

Steps which make the tax system simpler and which reduce marginal tax rates will enhance economic development and equity.

I believe that there is a whole series of measures within the budget that demonstrate its intent, namely, to encourage investment funds in productive and risky enterprises. It is clear that the tax system as it was constructed institutionalized private savings and concentrated decisions in the hands of financial institutions while discouraging participation of individuals in the stock market.

Not a word has been said about interest deductibility. What a chorus of protests! What thunderbolts were thrown at my head by the member for Etobicoke Centre (Mr. Wilson), the Leader of the Opposition and members in the opposition, with representations from elsewhere about interest deductibility. Again today the hon. member for Etobicoke Centre talked about my inflexibility. I listened to the representations I received in the House of Commons and to representations from other organizations, to the point where today not a word was said. We are depending upon false assertions about the child tax credit. That is the big plea and the false assertion made by the Leader of the Opposition.

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As an illustration of the change of attitude on the part of business spokesmen, I refer to a statement—which, I must say, I did not like at the time—made on December 9 by the president of the Toronto Stock Exchange. Hon. members will