

Oral Questions

investment. The minister knows, from the studies within his own department, that 90 per cent of new business ventures are financed by loans from friends, neighbours, from relatives, and also from business associates. How can the minister possibly justify this particular action in these circumstances where no one in their right mind will make investments, and which will have such a deleterious effect on jobs?

Hon. Herb Gray (Minister of Industry, Trade and Commerce): Madam Speaker, the Minister of State for Small Businesses has given very important information to the House concerning the value of this budget for small business. It is a major source of development, innovation, and job creation in Canada.

Mr. Wilson: Not any longer.

Mr. Gray: The over-all thrust of the budget is to create a strong climate for growth and job creation. I am surprised my hon. friends have missed this important reality.

CAPITAL COST ALLOWANCE PROVISIONS

Mr. Chris Speyer (Cambridge): My final supplementary question, Madam Speaker, is directed to the Minister of Finance, who I hope might respond to this question. The minister will know of the massive tax grabs within this budget, but none are more massive than the \$2 billion the government will take over a three-year period as a result of the new limitation on capital cost allowances. It was in 1972 that the capital allowance system with respect to manufacturing was implemented by the Hon. John Turner. One fifth of the jobs in Canada are created in manufacturing. How can the minister justify taking \$2 billion from the private sector and transferring it to the public sector?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, the necessity to justify that situation does not arise, because that is not what is taking place. If the hon. member had understood the situation he would have known that there is no increase in the total revenue received by the Government of Canada as a result of the change in the capital cost allowance. The total aggregate of tax payable is not increased by one dime. The hon. member does not know that. He ought to understand the budget before he gets up and asks questions.

● (1420)

Some hon. Members: Hear, hear!

TAX EXEMPTIONS FOR FOREIGN DOMICILED DEPENDANTS

Mr. John McDermid (Brampton-Georgetown): Madam Speaker, my question is also for the Minister of Finance. Last Thursday in his budget, Canadian taxpayers learned they could no longer deduct support payments to their mums, dads and grandparents overseas. Can the minister please explain to this House how he differentiates between supporting families

in Brampton, Georgetown, Toronto and Vancouver and supporting parents in London, Tel Aviv, Athens or Rome?

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, the hon. member has drawn attention to the change in the exemptions that can be claimed for dependants abroad. The hon. member may want to examine the facts that have been brought forward by the Department of National Revenue which indicate that a very large abuse exists in such claims and that many claims are put forward for non-existent dependants abroad and that it has been impossible for the Department of National Revenue in any effective way to ensure that these exemptions are not fraudulently based. It was on the advice of the Department of National Revenue that this particular change has been made.

If the hon. member is interested in equity in the tax system—

Mr. McDermid: There is no equity.

Mr. MacEachen:—he should be interested in a conclusion that does not provide particular taxpayers with a way of avoiding personal income tax which is not available to other taxpayers. That is the effect of that particular change.

The hon. member is attempting to draw attention away from the very equitable basis upon which this proposal is made.

REQUEST FOR CHANGE IN SYSTEM

Mr. John McDermid (Brampton-Georgetown): Madam Speaker, if there is abuse of the system, why does the government not prosecute those who are abusing the system rather than wiping out the system?

Some hon. Members: Hear, hear!

Mr. McDermid: Why would the minister not change the system rather than penalizing people who legitimately support their dependants overseas, many of whom rely on that support to keep life and limb together? Is it not simply a matter of the Minister of Finance grabbing more tax dollars, and of yet another attack by the Liberal government on the family?

Mr. McLean: He has thrown the baby out with the bath water.

Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance): Madam Speaker, there is nothing in the proposal that will prevent individuals from supporting their dependants anywhere in the world. What is attempted in the proposal is to provide an exemption for immediate dependants, namely, spouses and children.

Mr. McDermid: There is no abuse then.

Mr. MacEachen: That seems to be a reasonably manageable situation. But any individual is still free to send any amount of money out of the country to other dependants; in this case it