Income Tax Act

worry too much about these increases but who found themselves, when pushed out of work, looking for jobs in Lord knows what areas. The difficulty employers have finding employees in retail and service areas must surely be because the kinds of incomes people earn there are simply not adequate. That is where the decision of the Government to put some money towards the neediest does nothing for these people. They are paying money in taxes, losing income and seeing no effort on the part of the Government to offset that. There is the challenge to the Government to do something far beyond a prepayment of the child tax credit to ensure that families have the kinds of incomes they need.

Ms. Mitchell: Mr. Speaker, I would like to ask the Hon. Member, since I know his personal commitment to the health of families and family benefits—and if we extend the money paid, we have to find a way of paying for the extra expense—if he has any suggestions from the point of view of tax reform or any other measures which would justify the Government giving more priority to support for families?

Mr. Epp (Thunder Bay—Nipigon): Mr. Speaker, I thank my colleague, the Hon. Member for Vancouver East (Ms. Mitchell), whose dedication to the cause of families and concern that their needs are met is highest of all in our caucus and, I believe, in this House.

The answer to what could be done in the way of tax reform to provide the resources to meet those needs is very important. A cartoon was published in the daily paper in Thunder Bay on Tuesday. It probably ran in other papers as well. It portrays two bedraggled men talking. One is tempted to use other terms given the stereotypes suggested in the cartoon. However, one bedraggled man is saying to the other: "The thing that really worries me is that the national finances are in even worse shape than we are". In that particular cartoon is one of the deadliest suggestions which could be made about our national social and economic policy.

The decisions of Governments in years past to use various tax inducements in order to produce prosperity has clearly not worked. The result of all those tax breaks has been an increase in deficit to a very significant amount. That high level of deficit, of course, is the utter preoccupation of the Minister of Finance whose review of social programs is surely designed to do one thing, and that is, to reduce the amount which actually goes out.

It is imperative that we have tax reform which ensures the tax system is fair, and that means ultimately achieving a far better balance between individuals paying income, sales and excise taxes and other sources of revenue. It is clear from statistics on corporate profit-making that there are very successful enterprises which do nothing to support the Government directly in maintaining social programs. That is the imperative need.

The Speech from the Throne talks about achieving a better balance between personal income and other taxes. I am really concerned that what we are going to see is an increased burden, or at least no lightening of the burden on individuals, because there will be a business transfer tax, I fear, used to replace the existing sales taxes. That will be used to reduce the income tax somewhat, but what that will do is to make the tax system even more regressive, even worse for the low and middle-income range income earners. The result will be no improvement at all. It would be a worsening of their lot.

What we need is a return to the progressive principle applied to both corporate and personal income taxes in order to ensure that the Government is taxing fairly and has the resources it requires. Having done that, we would then have the resources to maintain social programs and to bring child benefits up to the level at which they should be.

The Acting Speaker (Mr. Paproski): If there are no further questions and comments, I will recognize the Hon. Parliamentary Secretary to the Minister of the Environment (Mrs. Browes).

Mrs. Pauline Browes (Parliamentary Secretary to Minister of Environment): Mr. Speaker, it gives me a great deal of pleasure to be recognized today as the Parliamentary Secretary. Thank you. It also gives me a great deal of pleasure to participate in this very important debate on Bill C-11 and to speak once again on the improvements made by this Government in Canada's system of child benefits.

The last time I had an opportunity to discuss the child tax credit was some 10 months ago. I noted then that the Leader of the New Democratic Party (Mr. Broadbent) and the Hon. Member for Grand Falls—White Bay—Labrador (Mr. Rompkey) agreed that our child benefit measures provide great assistance to low-income families. The Leader of the New Democratic Party said: "If one looks at the specific changes the Government is making, there is improvement". The Hon. Member for Grand Falls—White Bay—Labrador added his Party's support by reluctantly admitting: "It may be true that for a while there is going to be some sort of net benefit". Both Hon. Members of the opposition Parties recognized the tremendous benefit the increase in the child tax credit has on low-income families. Both Hon. Members, as well as all government Members, recognize the justice in decreasing the child tax exemption which proved to be more of a benefit to upper-income Canadians.

When the Government came into office over two years ago we committed ourselves to expanding and enhancing Canada's system of social benefits. We were not prepared to continue social assistance measures which actually offered greater assistance to upper-income earners. We were not prepared to introduce more inefficiency or complexity into federal social policies. What we have resolved to accomplish and, indeed, what we are accomplishing is to direct more assistance to those in our society who most need it. It is not just for the sake of economic efficiency but to truly help those in need.

Improvements to the child tax credit represent one example of the measures we are taking to fulfil this commitment. The child tax credit provides direct financial help to nearly three