

*Income Tax Act and Related Acts*

I heard with interest the comments of the Hon. Member for Edmonton—Strathcona (Mr. Kilgour). I was glad he entered the debate but I was confused by what he had to say. I think perhaps the Conservatives are somewhat confused about this as well. They have tried to wrap themselves in the rhetoric of progressive tax reform, but as in so many other things that is a deception, a snare. It is false and it is wrong. They are legitimizing and perpetuating tax privileges for wealthy Canadians.

Wealthy Canadians get an average tax cut of \$4,165 whereas the average Canadian at \$25,000 a year, a very modest income, gets a cut of only \$140. Average Canadians will pay more tax under the Tories after four years despite tax reform. Wealthy Canadians will pay less tax under the Tories after four years because of tax reform.

I have a couple more things I want to put on the record which I think are extremely significant. I have the summary for taxpayers which was released last December by the Minister of Finance (Mr. Wilson). On the front page it says "Lower rates, fairer system". What is fair about this, Mr. Speaker? Income earners from \$20,000 to \$25,000 pay a marginal rate of federal and provincial tax at 26 per cent. If their income goes from just over the poverty line of \$25,000 to \$30,000, their marginal rate rises to 38 per cent. If their income goes from \$30,000 to \$40,000, just getting into the middle-income range, then they pay a marginal income rate of 46 per cent.

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It is interesting that if these couples then go from \$40,000 to \$50,000, the marginal rate is 40 per cent, actually lower. If they go from \$50,000 to \$60,000, the Government's own figures indicate that the marginal rate is lower again, 43 per cent. If they go from \$60,000 to \$75,000, the marginal rate bounces back up to 46 per cent.

Beyond that, if Mr. Jean de Grandpré, the Chairman of Bell Canada Enterprises, gets an increase in his income from \$1 million to \$1,100,000 per year, he too pays a marginal rate of 46 per cent, give or take 1 per cent. There is something fundamentally wrong with that when a family not far above the poverty line will be paying the same marginal rate of tax as one of the high-priced corporate executives with an income of \$500,000 or \$1 million a year. In fact, the Conservatives have actually used the language of tax reform but have put in place a flat tax for most Canadians.

It is interesting that while the Conservatives copied that flat tax from the United States, when it came to a progressive measure found in the United States, the minimum tax on corporations which is a part of the package Congress put into force just two years ago, the Conservatives were not prepared to adopt that measure. The Conservatives in Canada are even softer on corporate taxation than the Republicans in Ronald Reagan's America. I find something reprehensible about that.

The Americans are taking increases in corporate taxes at about three or four times the rate of the increase taken here in

Canada. The average of the contribution to federal tax revenues from corporations after tax reform will be a lower percentage of total tax revenues in Canada than it was in 1984 when the Progressive Conservatives took power.

I know that my time is limited, but I was just looking at some very significant calculations which I would like to note on the record. These are some figures prepared by Trestet Resources, a firm which did an excellent analysis for the Finance Committee, which it submitted to us a few months ago.

Taking the example of one earner with two children earning \$30,000 a year, this report indicates that that family was paying \$3,300 in income tax in 1984. That figure has gone up to \$4,436 in 1988 before reform, it will drop to \$4,200 after reform and rise again to about \$5,000 in 1991 if we take it all in real dollars. This means, as we have been saying all along, that Tory tax reform is not tax reform at all.

People come to us and say that they are puzzled about their taxation rates, they feel that they are paying more but they cannot put their fingers on it. That is because it is hard to remember what we were paying four or five years ago. However, average Canadians are paying more and more under the Conservatives. They are being soaked one way or the other.

That same family making \$30,000 a year paid in consumption taxes \$1,575 in 1984, up to \$1,800 before tax reform, a bit higher after tax reform and up to \$1,925 in 1991, post-tax reform. Over-all, the taxation on that family under the Progressive Conservatives will have risen from about \$4,900 in 1984 to about \$6,900 in real dollars in 1991. That is a measure of how duplicitous the Conservatives have been with their tax reform.

These figures show as well that the increase in the tax burden over that period of time has been the highest for families earning average incomes. What about wealthy Canadians? They are actually paying less or getting very small increases in their tax burdens.

We will be fighting an election very shortly. I will be talking about how the Progressive Conservatives have ignored my constituents of Ottawa Centre. I know that my colleagues from Hamilton Mountain, Winnipeg North Centre and Regina will be talking about how Tory tax reform has ignored their constituents as well.

My constituents expected fairness when tax reform came down the pipe. They did not expect to see the rich pay less while average Canadians paid more. My constituents expected fairness. They did not expect to see corporations continuing to go tax-free while families living below the poverty line had to pay more. My constituents expected fairness. They did not expect a tax system in which the Conservatives held back the sales tax reforms because they were going to soak average Canadians with increases in sales taxes if they managed to get themselves re-elected.