

were supposed to be the original trade-off, so I repeat, that the rich, and the rich investor, are getting it both ways. He still has the tax loopholes in most cases and he has a lower effective rate of income tax to pay.

Secondly, let us look at the partial deindexation of personal income tax. The June 1982 budget limits the personal income tax exemption indexing to 6 per cent in 1983 and 5 per cent in 1984. The result simply is that personal exemptions will not rise as much next year as they would have with full indexing to inflation. We have seen a slight moderation to 10 per cent, but it would be more than wishful thinking to assume that the rates of inflation will come down to six and five, unless of course we unleash Mr. Bouey totally. The rate of inflation has not dropped as one would have hoped because of the Government's regulated price component of the consumer price index. I think this is very important when we are talking about six and five.

The Government has not made any effort to slow down the rate of increases in energy prices, which are going up 23.5 per cent, to which the Government has agreed. In addition they have not tried to provide Canadians with low, stable interest rates. All are items that contribute to keeping inflation running at 9 per cent plus and the rate in Government and Government-regulated industries at about 18 per cent. In other words, and I should stress this, regulated prices make up 23 per cent of the consumer price index. When you consider the 23 per cent, almost a quarter of the CPI, is that part of prices regulated by the federal Government, and the federal Government is still keeping interest rates and energy costs high, it is very doubtful whether the year-over-year inflation rate in this country will drop much below 9 per cent between now and late 1983 or 1984.

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This partial deindexing amounts to a large tax bite of approximately \$1.7 billion for 1983-84 fiscal year. Because a lot of workers are under the wage restraint program of the federal Government and various provincial Governments, as well as a lot of private employers, they will be getting a double whammy through wage restraint coupled with partial deindexation.

This partial deindexation could not come at a worse time for the majority of workers today. When you consider the 1.5 million officially unemployed and another 500,000 either on welfare or who have given up looking for jobs, they have already suffered the rigors of a major depression. Their incomes have already been cut back 30, 40 and 50 per cent and more.

Then we come to the partial deindexation of their income tax which is thrown at them. At the same time that Government-regulated prices are going up this year over next year and over the next year at a higher rate than the six and five the Government thinks everybody should hold to, I do not know how this Government can expect us to let it go through within the next seven days without giving them one hell of a good fight.

Income Tax

Deindexing of personal income tax exemptions allows Government to profiteer from inflation at the expense of individual Canadians and gives Government a vested interest in inflation. It should be remembered that Finance Minister John Turner in 1973 introduced the indexation of personal income tax exemptions and tax brackets to the inflation rate so that taxpayers would not be pushed into a higher tax bracket because of inflation. In Turner's words, indexing would "eliminate that unfair and unintended result from our tax system". Simply put, the effect of partial deindexing of personal tax exemptions will be to impose a tax increase on Canadians. That is basically what it means.

What this really means is the beginning of the end of indexation and any real taxation reform. I have a table here which I will explain as briefly and as clearly as possible. The 1984 federal and provincial income tax combined for a single taxpayer whose income is \$7,500 without limitation will be \$223 in income tax. With partial deindexing, he will pay \$336 for a net increase of \$113 or a 50.7 per cent increase. A person whose taxable income is \$10,000 a year, without partial deindexing will pay \$807 in income tax. With partial deindexing, he would pay \$926 for a net increase of \$119, or a 14.7 per cent increase. That is a far cry from the six and five limit that the Government is touting around the country as the saviour as far as our future is concerned.

The taxpayer whose income is \$100,000 in 1984, without limitation, will pay \$38,179. With partial deindexing he would pay \$39,120, a tax increase of \$941, but in percentage terms an increase of only 2.5 per cent. The Government is treating him fairly because that is very comfortably within the six and five. His tax goes up only 2.5 per cent on \$100,000, but the poor guy earning \$10,000 has to pay an additional 14.7 per cent as a result of partial deindexing.

It is little wonder that those who write popular bestsellers on how legally to beat the tax system in this country are saying that this budget, or combination of budgets and the financial or economic statement, plus Bill C-139, is a boon for wealthy people. I need only quote from Henry B. Zimmer's "The New Canadian Tax and Investment Guide", a reputable tax consultant. It says "Completely rewritten to include the 1981 budget changes". At page 5 it reads:

—the wealthy investor will pay the same tax rate even if his investment increases from, say, \$200,000 to \$300,000 in a given year. While the MacEachen budget has been promoted as an attack against the rich, a close analysis of these numbers will show that the rich are virtually unaffected. For the rich and the super-rich, the budget provides a 10 per cent decrease in tax rates.

There it is from Henry B. Zimmer, a tax expert. We, especially those of us in the New Democratic Party, are expected to let Bill C-139 go through in seven days. No way. It is not going through in seven days.

It is clear that, with the introduction of the 1981 and 1982 budgets, plus the economic statement of the Minister two months ago, ordinary income earners are the net losers. Some will quietly wonder what else is new. A lot of those will probably not stand up and say anything about it because of Party discipline.