

Borrowing Authority

I say to the Minister he should fill in one reform, and the Prime Minister agreed to it. Bring in a minimum tax rate of 20 per cent for all those earning over \$50,000 and you will get an additional \$400 million to \$500 million in revenue. I repeat, that is not over-taxing the rich but simply taxing the rich who now are not paying a cent in taxes.

● (1310)

I conclude by saying that on the whole we have had a positive evolution and development of community-building social programs, whether they be pensions, family allowances or medicare, which all Canadians are proud of. We have all shared them in the past, and we had better continue sharing them on the basis of equality in the future. In the meantime, if the Government needs more revenue, all it has to do is make those in our society who are not paying their share pay their share. The Government should take that income and do with it—particularly at Christmas—what ought to be done. The Government should ensure that the money goes to the poor in Canada who need it.

Some Hon. Members: Hear, hear!

Mr. Deputy Speaker: It being 11 minutes after one o'clock, I do now leave the chair until two o'clock.

At 1.11 p.m. the House took recess.

AFTER RECESS

The House resumed at 2 p.m.

Hon. Jake Epp (Minister of National Health and Welfare): Mr. Speaker, I welcome the opportunity to speak on the review of social programs announced by my colleague, the Minister of Finance (Mr. Wilson), in November, in his economic statement. These programs are interrelated and are delivered through both the tax system and as direct expenditures of the Government.

It is all too easy in discussing these programs to become confused and to sow confusion. In the course of debate in this House on the review of social programs, a number of assumptions have gained widespread currency which I fear have added to the confusion rather than clarified the purpose, nature and scope of the review. I would like to address some of those assumptions this afternoon.

First, there is the assumption made by many Hon. Members, especially Liberal Hon. Members, that under past Governments, and especially Liberal Governments, there was never any change to programs affecting the elderly or families with children except to increase benefits under those programs. That is simply not the case, Mr. Speaker. The fact is that on four separate occasions in the past eight years, the former Government, without consultation, brought in budgets which changed the laws governing old age pensions, family allowances, the child tax exemption, the child tax credit and the

former dependent child tax reduction, in order to lower or eliminate benefits in one or a combination of those programs. On only two of those occasions were savings redirected into other child benefit programs and elderly benefit programs.

In 1976, family allowances were deindexed for one year. There was no offsetting change in any child benefit program. That step adversely affected every family in Canada who had children. Poor families were not cushioned from that blow.

In 1978, to provide funds to establish the child tax credit, normal indexing for family allowances in 1979 was eliminated and the family allowance benefit itself was reduced 22 per cent from its 1978 level; from \$25.68 per month per child to \$20 per month per child. In addition, a \$50 a year tax reduction for each dependent child was eliminated from the tax code.

In 1982, a partial deindexation was applied to old age pensions and family allowances through the six and five program. Persons eligible for the GIS were cushioned from this step so that their total OAS-GIS benefits remained fully indexed, and there was a \$50 per child increase in the maximum child tax credit for the 1982 tax year.

In 1983, the level of net family income at which the full child tax credit benefit begins to be reduced was frozen permanently at \$26,330, instead of being indexed to inflation as was formerly the case. At the same time, the level of the child tax exemption was also frozen permanently at \$710 per child rather than being indexed to inflation. There were no offsetting increases in any other child benefit programs to cushion these steps, which will gradually reduce the number of families eligible for the child tax credit and reduce the real value of the child tax exemption for all families with taxable income.

Therefore, Mr. Speaker, we see that on four relatively recent occasions benefits have been reduced in programs now under review. In two cases, savings made were redirected on an income-tested basis to other programs in the respective systems. In the other two cases they were pure restraint measures designed to benefit the federal treasury.

Leaving aside the question of the wisdom of those steps, it is clear that the opposition Parties agree that none of these changes destroyed universality, even though benefits in the universal family allowances and old age pensions were affected. The very accusation that we want to undermine universality accepts implicitly that it is still there to be undermined. So when we raise a new, and open up to public consultation, the question of whether, without disturbing the principle of universality, benefits within the child tax benefits and elderly benefits system can be reformed so as to be more equitable in their impact, I fail to understand the alarm of Hon. Members opposite.

Do they seriously believe that the Canadian people will swallow a double standard, under which what a Liberal Government has done in four different budgets without consultation is accepted as being consistent with universality, while similar initiatives, when put on the table for public discussion