

Oral Questions

1980, in Toronto—that his party would make the tax system more equitable if they were returned to power.

How can the government now contemplate de-indexing personal income tax? Is this to make the tax system more equitable, as the Prime Minister promised, or is it another promise which has been cast aside by the Liberals now that they are back in power?

[*Translation*]

Mr. Bussièrès: Madam Speaker, I think the issue is serious enough to warrant more than impassioned rhetoric. The Minister of Finance is considering ways and means to make the system much more equitable. As I have indicated, these are just speculations, hypotheses, and the Minister of Finance will make decisions which will continue to honour the promises and commitments made by the Liberal Party of Canada and this government, and those decisions will be aimed at making the tax system much more equitable.

[*English*]

Mr. Crosbie: Madam Speaker, we had an underhanded election campaign, an underhanded budget, and now we are getting an underhanded tax increase. The Prime Minister said in Toronto on January 12, 1980, that he had five main thrusts if he were re-elected. The fifth was to protect low and middle-income Canadians “by helping first those who most need assistance”. Is he going to do this by putting the blocks to the low income taxpayers so that they get an increase this year of 30 per cent in their income tax, while the higher-income taxpayer will have an increase of 4.5 per cent?

● (1120)

Is this the way the minister is studying to carry out the main thrust of the Prime Minister, or has the Prime Minister's promise been forgotten altogether by the Department of Finance?

[*Translation*]

Mr. Bussièrès: Madam Speaker, save for a short interruption the Liberal Party has been governing the country for several years and since our return to power we have shown not only to the hon. member but to the entire country that we are keeping the promises and commitments made by our party leader and the government will continue to honour its commitments.

[*English*]

GOVERNMENT POSITION ON INDEXATION AND TAX INCREASE

Mr. Bob Rae (Broadview-Greenwood): Madam Speaker, we can certainly see that, among other things, the truth is not highly valued in St. John's West in representing the positions of other parties.

Some hon. Members: Hear, hear!

Mr. Rae: I am sorry the Minister of Finance is not here to answer this question, but I will put it to the associate minister of finance. In all the speculation that has arisen over the past two weeks concerning the government's position on indexation and a tax increase, is it their view that there is excess demand in the economy at the present time?

Also, is it the government's view that when the economy is heading into a recession is the best time to bring in a massive tax increase which will affect all Canadians? Is that the government's new economic policy?

[*Translation*]

Hon. Pierre Bussièrès (Minister of State (Finance)): Madam Speaker, the member would like to obtain an answer which would conciliate inconsistent factors. First, the question refers to a recession and to pressures on demand. It is quite obvious that the recession in the United States is not felt in the same way as in Canada and that pressures on demand are stronger here, according to the indications now available to us. It also refers to tax increases in a very difficult period and the speculations which are beginning to spread on tax increases are more specifically related to another problem which is also the basic concern of the government, namely the reduction of the deficit. Those matters must not be considered singly but as a whole and we should not try to conciliate inconsistent factors but rather take the best steps in accordance with a comprehensive picture of the economy.

[*English*]

Mr. Rae: A supplementary question to the minister, Madam Speaker. It is a novel approach, that the time you start bringing in tax increases is the time the economy is heading into a tailspin. That is novel economics.

Will the minister give the House the commitment that a cost of living tax credit scheme, which will give the most benefit to Canadians who earn the least, will be provided in the budget, that there will be a budget—

Mr. Crosbie: There was one in the last budget.

Mr. Rae:—and that there will be a commitment from this government that there will be no net increase in personal taxes for those Canadians who can afford it least?

[*Translation*]

Mr. Bussièrès: Madam Speaker, I feel that this government's concern for the needy is evident. A few weeks ago this Parliament was called upon to approve a \$35 increase to the GIS, which I feel is an indication of the government's concern for the small wage earner.

The hon. member is seeking from the Minister of Finance during oral question period a commitment with regard to budgetary legislation. This is not our custom and, as I have already indicated, the Minister of Finance will continue to protect those whom Liberals have always tried to protect, that