

Winnipeg North Centre (Mr. Keeper) and it is correct. We did pay the price for some of those things, and I am going to suggest to the Conservative Members opposite that at the rate they are going, they will pay the same price. I am astounded every day in Question Period that the favourite trick of the Government in response to questions put by the Opposition is to blame the media because the message is not getting through. Have you ever considered, Mr. Speaker, that perhaps the message did get through and the public does not like it? That is also a possibility.

**Mr. Gauthier:** Kill the messenger.

**Mr. Frith:** The point is that 17 months ago the Conservatives assumed office, the Canadian public gave them the mandate to undertake some fundamental change and they flubbed it. That is the honest to goodness truth and I am awaiting the question to be put by the Hon. Member for Edmonton-Strathcona (Mr. Kilgour). I would be delighted to answer it.

**Mr. Kilgour:** Mr. Speaker, I would tell the Hon. Member for Sudbury (Mr. Frith) that he need not worry, we will get back when the next election is called, I can guarantee him of that.

**Mr. Rossi:** That's what you think.

**Mr. Kilgour:** I will quote the Hon. Member for Mount Royal (Mrs. Finestone) at page 9859 of *Hansard*:

From 1987 to 1990, as the child tax credit increases, the family receives more benefits. There will be a gain in 1987 of \$64, in 1988 of \$75, in 1989 of \$96 and in 1990 of \$44. That does not sound bad at all but the forecast changes.

I would put to the Hon. Member—and I ask him to honestly answer this question—where does he disagree with the figures of his own colleague who presumably got them from the same research department from which the Hon. Member is getting his figures?

**Mr. Frith:** I have a very simple answer, Mr. Speaker, but it is quite technical. Let me put it to the Hon. Member so he will understand it. It is because at that time our research bureau did not take into consideration the timing of the increase and the deductions and place them in the context in which they were going to occur. In other words, no one in this debate has addressed themselves to the issue that the deindexation is going to occur beginning January 1, 1986, yet not one cent of the changes to the child tax credit can be in the hands of the consumer until the income tax year of April, 1987. As a result, for the next 14 months, every family in this country, regardless of income levels, will lose under Bill C-70.

**Mr. Halliday:** I have a question, Mr. Speaker. I enjoyed listening to the Hon. Member for Sudbury (Mr. Frith) and I must say I enjoyed working with him on the Standing Committee on Health, Welfare and Social Affairs. He is a co-operative member. I particularly liked his reference today to the need for reform of the tax system. I agree with him and I have spoken about that in the House a number of times. Indeed, we

*Family Allowances Act, 1973*

have to look at a system which taxes profits as not being a sensible system. But, unfortunately, the Liberal Party, back in 1971, chose to bring in a system which did not essentially change the philosophy behind our tax system. I am not going to go into this in detail. I agree with the Hon. Member that we need a system which will tax corporations effectively so that you and I as individual citizens have more disposable income available for investment.

● (1630)

Having said that, the Hon. Member mentioned in reply to the Hon. Member for Nepean-Carleton (Mr. Tupper), I guess it is—

**Mr. Gauthier:** Ottawa-Carleton.

**Mr. Halliday:** The Hon. Member for Ottawa-Carleton (Mr. Turner). He said that the net effect of six and five on purchasing power was about zero. If that were true, surely the net effect of our partial deindexation of 3 per cent would also be zero.

The Hon. Member also made reference to the fact that our present policy will increase the gap between the rich and poor. How does he explain that all during the years of Liberal reign, when presumably they were doing such wonderful things in the way of social policy, the gap widened? I am surprised he is so upset about a slight change now when it obviously got worse during his Government's term in office.

**Mr. Frith:** Mr. Speaker, those are two very important questions. Research will show that from 1971 until 1981 we narrowed the gap between the haves and have-nots in our society. That was confirmed recently by the National Council on Welfare. It was during the recession of 1981-83 that the gap widened. The report I referred to, as an example, indicated significant improvement in narrowing that gap among our seniors as a result of targeting our resources to those who needed help the most. What is critical here is that the fundamental social policy direction of his Government is to purposefully widen the gap through taxation. That is at the root of the problem we on this side have. The gap between rich and poor is going to widen as a result of a deliberate tax policy.

As to the difference between the way we approach six and five and the way his Government is doing it is this. Under six and five we did not touch the base, we attacked the capping. As a result there was no loss of purchasing power. For example, when inflation was 11 per cent and we brought in the six and five program, had we not been successful in getting the inflation rate down quickly the people affected would have lost purchasing power. However, inflation came down so quickly that they in fact gained under that program. The Hon. Member's Government is not going to index the first 3 per cent of inflation and that will widen the gap. That is what we have been saying in debate.

In conclusion I will say this. One of the advantages of being in Opposition is that you do not carry the responsibility of Government in the sense that every time we approach policy