

Government Orders

In January, 1985, that government issued a discussion paper under the name of the Minister of National Health and Welfare dealing with the universality of social programs and saying specifically that the clawback—it wasn't called that at the time—the idea of taxing back old age pensions, was unacceptable. It did suggest that maybe it was not so bad with family allowances, that is something we can debate, but it put it forward as a change in social policy that needed to be considered by Canadians, discussed and debated, in order to go forward with the evolution of social policy in Canada. That is the way it should have been done. It went to a parliamentary committee and nothing more was heard of it.

Then, in this year's budget, out comes the clawback as a fiscal measure. Yet it is changing a fundamental social policy in Canada. We could debate universality here, but we are not going to get very far in this forum on this kind of debate. Nor has there been an opportunity for the social agencies, for those groups representing the poor, those groups which are concerned with issues of social policy, to come forward and discuss this and give their input to it, given that it is put forward in a budget measure.

When you begin to change the principle of universality, the change goes far beyond affecting those few people who the government recognizes may be earning more than \$50,000 a year at the present time. We believe that many of the programs that we offer, at all levels of government in Canada, should be made available equally to Canadians at whatever their income level. That has been true of the old age pension since 1952. That has been true of medicare. That has been true of education in the provincial jurisdiction. We say that Canadians should all receive the same basic social benefits, regardless of what their income is. That has been the principle. In abandoning that principle without full debate the government is doing a great disservice to Canadians across the country.

Government members will say, as the Minister has said, that this is not the end of universality. They think Canadians are so dumb that if they put money in one pocket and take it out the other, they will think they have been getting a universal benefit.

Let me put it to them this way. If this is not the end of universality, then what the government has introduced

with this measure is a discriminatory tax. It is a tax not based on ability to pay, as our other income taxes are supposed to be, it is a tax based on age or family size. No other groups in our society pay 100 per cent of any kind of income except, after this is fully implemented, those over 65 and have \$50,000 of other income or those who are families.

I know I have very little time on this amendment. On old age pensions the fact is that Canadian pensioners paid for this pension. They paid with a special tax that was on their income tax forms from 1952 to 1971. If you go back to the debates in this Chamber in those years and read the words that were then spoken, it is clear the intention of the House of Commons was to ensure that all Canadians, regardless of their level of income, were entitled to the old age pension and that they were paying for it. When we changed the system in order to simplify it in 1971, Mr. Stanley Knowles rose at that time and expressed his concern that this was the beginning of the end of universality. Promises were made at that time that it was not going to be the end of universality. But here we are in 1989, and that is exactly what the government is doing.

What the government has forgotten on family allowances is the basic principle of fairness that should underlie the income tax system of horizontal equity; the fact that taxpayers who may have the same level of income carry different burdens on the part of our society. Taxpayers with families, with young children, contribute greatly to the future of Canada and that burden of doing so should be borne by all Canadians. This clawback measure does several things.

First, it puts families who have one income on a different footing from those who have two incomes. Two income families, in which both spouses earn \$49,000 a year, do not face the clawback. A one income family, in which that one parent earns \$60,000 a year, loses all of its family allowance. Is that fair?

The second thing is that years ago the government froze the child tax exemption and it changed it to credits. The government has whittled away the support for families and now, for many families, it has eliminated the family allowance benefit. It is clear that this government no longer believes that all Canadians have a stake in helping families with young children to contribute to the future. It has forgotten the basic principle of horizontal equity, if it ever understood it in the first place.