

To my mind, it is outrageous, especially after the commitments that were made. Those commitments were not made by Liberals, because during our election campaign we said we would make no promises for fear of not being able to live up to them, given that not only Canada but the whole Western world was just working its way out of an economic crisis. Meanwhile the Conservatives were going around the country with their cheque-books. By the way, I met with these farmers and they told me that it was a "rubber" cheque, the kind that bounces. In that case, it was a small matter, a matter of a few million dollars. Still, it was a promise which was not kept.

As for taxation—

As for Quebec, the president of the Quebec Conservative caucus would be well advised to check opinion polls to find out what Quebecers think of his Government's initiatives. If my Party were third in the polls, Madam Speaker, I would not speak about the Government's popularity. However, the Hon. Member, the caucus president, should keep his cool. He is generally a good fellow and he knows that I have a lot of respect for him for all sorts of reasons, but in this case he is embarking upon extremely slippery ground.

● (1540)

[*English*]

More important than the fact that the Government will impose a surtax on Canadian workers, the middle class and the poor is that the Government promised all Canadian electors to do differently. I cannot understand why the Prime Minister (Mr. Mulroney) said on November 29, 1984, that he did not favour higher personal income taxes to reduce the deficit. This is exactly what the Government has done. The Minister of Finance (Mr. Wilson) said it was almost impossible to increase taxes because they were already too high. After having said that, the Government has imposed an additional \$6.5 billion of new taxes, of which 92 per cent will come from individuals.

I am very disturbed by the fact that this Bill was introduced by a Parliamentary Secretary rather than the Minister. When the Government decides to put additional taxes on the shoulders of citizens, the least that can be done is for the Minister who made the decision to come into the House and explain this move to members of the Opposition, his own backbenchers and the entire Canadian public. He should explain why he has decided to increase taxes after having said on November 29, 1984, that it was not the intent of the Government to put additional taxes on the shoulders of Canadians.

[*Translation*]

Madam Speaker, when one looks at the implications of Bill C-23 and the decisions taken by this Government which go against formal commitments made by the Prime minister and the Minister of Finance, it comes as no surprise that Canadian men and women no longer believe their Prime minister. They do not believe what the Minister of Finance is saying, but even less what the Prime Minister is saying. That is all there is to it. They have a very good memory and because they have been deceived, they will not believe even apparently well intended statements. They had decided to support a political party

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which had promised never to increase taxes but, after two budgets, they realized that an average family of a husband, wife and two children earning \$30,000—nothing to write home about—will have to pay \$630 in additional income tax. Let us take the case of another family—a man, a woman and two children—earning \$15,000 a year. They certainly cannot be considered as millionaires. They will have to pay almost \$300 more in income tax. Fifteen thousand dollars income with two children.

Madam Speaker, people often say that there are single-parent families, and it is true. A single-parent family, two children, an income of \$20,000. We know just how difficult it is to balance a budget: they will have to pay almost \$425 per year more in new taxes. Can you imagine \$420 more in income tax, when the Government had clearly promised them not to increase taxes while reducing the deficit?

What are the other significant features of this Bill and who benefits from them? The rich do benefit, to the tune of a \$500,000 capital gains exemption.

Mr. Vincent: Even on television you were told that you were wrong—

Mr. Garneau: Well, the Hon. Member for Trois-Rivières has just returned. If he wanted to assume the responsibility of a Minister, he should have been sworn in. If he was not appointed, it is not my fault. Anyway, he should let— Madam Speaker, I think that this is too important to overlook. A \$500,000 capital gains tax exemption may mean up to \$250,000 in benefits, or even more depending on the marginal rate. I have personally met a great many people in the Laval-des-Rapides riding and elsewhere, but I have rarely met anybody earning \$25,000 or \$30,000 per year who could claim a \$50,000 capital gains tax exemption to reduce his or her income tax. But a number of Members in this House, for instance, have a larger income, own companies, or have additional revenues—and that is understandable, they have not stolen it—and can take advantage of that \$500,000 capital gains tax exemption and lower their income tax.

Higher income people again can make the most of Registered Retirement Savings Plans. It is a fact that someone in the 60 per cent income tax bracket who invests \$1,000 in a Registered Retirement Savings Plan gets a \$600 tax break. But someone who earns \$15,000 and pays maybe 10 or 12 per cent income tax, pays little or no income tax, even if he were paying 15 per cent, would only be getting \$150. This Government therefore has once again attempted to help the rich and the wealthy and reach into the lower income people or the middle classes for its revenues.

The income tax was raised by 3 per cent (1 per cent in 1984, 1 per cent in 1985 and another percentage point in 1986) and the Hon. Member for Trois-Rivières, the Parliamentary Secretary for the Minister of Finance, is now talking about all those initiatives by the Government. Can you imagine that! They have introduced a sales tax exemption which may bring