

Income Tax Act

Mrs. Mailly: Mr. Speaker, I would like to make one comment first and then put a question. It gives me great pleasure that my colleague the Hon. Member for Churchill (Mr. Murphy) said that fighting the deficit was a noble cause, and that he linked this deficit and the welfare of our fellow citizens, especially those with lesser incomes, because, as you know, Mr. Speaker, inflation is indeed a scourge which hurts people at the bottom of the scale far more than those at the top. I am therefore very pleased that although he belongs to a political group with a different perspective on political policies, he agrees with me that reducing the deficit is of paramount importance. This is why I would like to ask him a question. Is he not contradicting himself when he says that reducing the deficit is a noble cause, in other words, reducing inflation too, but on the other end he was against us when we passed a piece of legislation to try and curb that sort of inflationary trend in our economy, when for instance the local shopkeeper was so used to see the prices go up with inflation that everytime he would hear about an increase in the rate of inflation, he would automatically add 1 or 2 cents to the price of a can of food or package or service, and we tried to curb that inflationary mentality by de-indexing down to a minimum of 3 per cent, to reverse that trend in suppliers and in our economy as a whole?

Also, although he would agree with our colleague the Hon. Member for Saint-Denis (Mr. Prud'homme) when he said that it was a sad thing that a family with four children which was to receive 454 \$ of child tax credit per child, would only get an advanced payment of 300 \$, would he not agree however that it is four times \$300 that will not fall in the hands of tax discounters, those who take advantage of poor people; would he not agree that receiving \$1,200 just before Christmas, just before the beginning of the cold season means a lot for a family, and that we deserve some credit for that?

Let me also tell the Hon. Member, Mr. Speaker, that I had specifically asked the Minister of Finance (Mr. Wilson) to take that step because in my constituency of Gatineau, there are a lot of families which used to pay those people \$45, \$50, \$100 out of their expected tax credit every winter, and those are the people who will be receiving the \$1,200 for a family with four children. Does he not think that he is contradicting himself when he says that fighting inflationary pressures is not as noble a cause as fighting the deficit?

[English]

Mr. Murphy: Mr. Speaker, I am surprised the Hon. Member rose to ask a question. I thought she was anxious for me to wind up my speech so that she could speak on the next piece of legislation. However, since she raised a controversial issue, I am willing to use the rest of my time to respond to it.

I agree that the deficit is not a problem we can afford to ignore. No matter which Party is in government, whether it be here in Ottawa or in any of the provinces, they are all faced with the following problems—the deficit and the state of the economy. Regardless of whether it is a Liberal Government in the Province of Ontario, a Liberal Government in the Province of Quebec, an NDP Government in the Province of Manitoba,

or the Conservative Government in Ottawa, they all have to face the economic facts. Also they recognize that there are problems in terms of how much Governments can spend and how much Governments can raise. All Governments have to make choices, and they make them.

I should like to refer to the example raised by the Hon. Member for Gatineau (Mrs. Mailly). If the Government does not do something about partially deindexing the child tax credit or the family allowance, somehow it will make the cost of goods go up. That is what I understood from what the Member said. The very nature of fighting inflation by fighting it on the backs of those who need the money the most is wrong.

● (1650)

The legislation with which we are dealing today, the child tax credit, is for those people who need the money the most. For the Government to say we will give them this money but we will not provide them with the full protection from inflation, from the increase in the cost of living, is wrong. Obviously they are not the people in this society who are driving up prices. They do not control rents. They do not set the prices in the corner store. They are the people who are paying rent because they have to have a place to stay. They are the people who are buying the groceries to which the Hon. Member referred, because they have to eat. For the Government to say that those people do not need full protection against the cost of living year after year means that, in the long run, the value of the child tax credit reduces significantly. When you tie that in with the fact that the family allowance is also being partially deindexed, it means the money those families receive from the family allowance or the child tax credit will be significantly less. It does not take much of a mathematician to realize that if you are not getting 3 per cent one year and 3 per cent the next year and the year after that and so on, and each year the 3 per cent you are not getting is compounded, then in the long run the child tax credit becomes valueless. It becomes worth half of what it is today, a quarter of what it is today, and it becomes meaningless.

For the Government to announce in its legislation and in its budgets that it is going to deindex the child tax credit partially means it will not provide the protection which the Government presumably wants to provide by introducing a child tax credit in the first place. If the Government thinks that the child tax credit is worth continuing and that it is worthwhile then let it not partially deindex it.

[Translation]

Mr. Berger: Mr. Speaker, I must say I am appalled and shaken by the comments made by the Hon. Member for Gatineau (Mrs. Mailly). One can see that this Hon. Member—and her opinion is probably shared by all the Hon. Members of her party, the Conservative Party, who understood nothing at all—

Mrs. Mailly: Mr. Speaker, I rise on a point of order.