

Customs Tariff

adversely affect smaller businesses or people who operate quite clearly in good faith.

One can think of many examples of how companies would not have the ability to recover those costs. For example, a company that imports a widget with a 10 per cent tariff would add that cost to the retailer who, in turn, would add his markup when selling it to the consumer. If the Government informs the company a year and a half later that it has increased the tariff to 25 per cent, the only source of that increased cost will be the operating capital of the company. Such a situation could put companies at risk.

I am certain the interdepartmental committee would take that into consideration, but I would rather see an error made on the side of caution in this matter and provide protection by eliminating the retroactivity.

Mr. David Orlikow (Winnipeg North): Mr. Speaker, I want to join my colleague, the Member for Thunder Bay—Atikokan (Mr. Angus), in support of this amendment. The decisions of the Government in regard to tariffs and the prospect of future changes to tariffs are so uncertain that my constituents have difficulty in taking orders for imported products which they sell. They have difficulty putting in orders because they do not know what rate of tariff they will have to pay, if any tariff at all. Since they are unable to quote a price to a prospective customer, they are in no position to make an order in the country from which they hope to import the product.

Let me deal for a few moments with some comments made earlier today by the Minister of Finance (Mr. Wilson). He talked very proudly about the fact that substantially more people have found jobs since the Government took office, and that the rate of unemployment is at its lowest in a number of years.

While that is true, it is reported in the *Ottawa Citizen* today that Ottawa, one of the most prosperous cities in the country, expects an increase of 9 per cent in the welfare rolls in the coming year. The same report has come from Toronto, probably the most prosperous city with one of the lowest rates of unemployment in the country, as well as from my City of Winnipeg.

Let us keep in mind what that means. According to the National Council on Welfare, in every city and province in this country, people on welfare are living substantially below the poverty line. In fact, it has been estimated that in 1986 people receiving social assistance lived from 20 per cent to 53 per cent below the generally accepted poverty line. In some cities such as Toronto, 70 per cent of the benefits they receive goes for payment of rent. That is not supposed to be the case, but the fact is that the price of rental accommodation in major cities such as Ottawa, Toronto, and Vancouver is substantially higher than the rent calculation in the monthly welfare cheque made by the provinces.

• (1220)

The Minister also boasted about, as he calls it, his plan to reform the tax system. I remind the Minister that the parliamentary committee that looked at his White Paper, a committee of nine members, seven of whom were fellow Conservatives, said that the federal Government's changes to the standard tax deduction for dependant children will slash benefits from middle income families and do nothing for the poor taxpayers. The proposed changes, coupled with other measures introduced by the Conservative Government since 1984, will cut real child benefits by half or more for upper and middle-income families by 1991. In other words, the people who will really gain from the Minister's proposed tax changes will be precisely those who—I see a Member opposite shaking his head, indicating that what I am saying is not correct. Let me put on the record some of the facts with respect to income distribution and who gets what. In 1981, the top 20 per cent of income earners enjoyed 45 per cent of the national income. The bottom 20 per cent enjoyed just 4 per cent of the national income. If we look at the wealthy, it is even worse. The top 20 per cent income earners enjoyed 68 per cent of the national wealth, while the bottom 20 per cent owned less than 1 per cent of the national wealth. Indeed, it is even worse than that because the top 10 per cent of income earners owned more than 50 per cent of the wealth.

Among the 20 western industrialized countries, Canada has the lowest over-all tax on wealth. Canada is the only industrialized country that permits large amounts of wealth to be accumulated and to be passed between generations without tax liability. I remind the Member who disagrees with me that it was the present Minister of Finance who proposed a year or so ago that there be no tax on the first \$500,000 of capital gains.

Canada does not have an annual net wealth tax as do countries such as Germany, Austria, Norway, Sweden, Belgium and Denmark. In 1985, one in six Canadians lived in poverty. In 1986, the top 1 per cent of high-income Canadians, 63,000 families, had average incomes of \$212,000 a year. I also remind the Member that 258 Canadians with incomes over \$100,000 paid no income tax at all.

Let us look at corporations and the way the corporation tax system operates. I remind Members that the last major tax change to benefit the wealthy, introduced by the then Liberal Government—

Mr. Hawkes: Mr. Speaker, I rise on a point of order. We are at report stage debate on a specific amendment. The facts presented by the Hon. Member may be interesting but in what way are they relevant to the specific amendment we are debating? I think that should be clear or he should not be allowed to continue.

Mr. Deputy Speaker: The Hon. Member for Winnipeg North (Mr. Orlikow) has the floor and there are two minutes left in his time.