

a Government which indicates it intends to give priority to this issue.

Maybe we will see the same type of breakthrough here as we have seen in the new rules of this House. This Government can claim the credit for a substantial breakthrough in humanizing the rules of this House. I do not want to let members of the Government get away with taking that totally as a compliment because I think an element of enlightened opposition has been responsible for House reform. I do not think that in the last Parliament the Opposition was prepared to give the kind of co-operation which this Opposition is prepared to give.

● (1140)

Be that as it may, we have a lot to look forward to as Members of Parliament, and a lot to tell our constituents about ways in which their rights, direct and indirect, are being enhanced by reforms that may be under way in the House of Commons now. That does not take away the fact that the Minister, during the budget debate, did not spend any of his time talking about the Budget. I am entitled to draw from that the conclusion that I suggested in my question, which is that he is not prepared to defend a Budget which I want to put into the context in which it is seen by the people of York Centre and York North. They have watched a trend, since this Government took office, through two Budgets of tending to stratify the Canadian people ever more between those who are better off and those who are worse off. There is a developing sense in our country that it is a country of rich and poor, and not one where most people are in the middle class. It is interesting that 20 years ago when surveys were done most Canadians said they felt they were in the middle class in Canada. We had in our society a certain social cohesion. That social cohesion is being undermined now by two Budgets in a row, which have heightened the disparity between the rich and the poor and given Canadians the sense that the Government is fostering that type of disparity.

I want to put statistics on the record that show exactly that, that the impact of these two Budgets has been to make middle and lower-income Canadians worse off and to make well-to-do Canadians better off. I know that this is a concern of the Conservative Party because their chief statistician and analyst, Allan Gregg, has mentioned in interviews that he has given to the press that the Conservatives are worried that they are being seen as a Party which is devoted to enhancing the incomes of those better off, even if it means making the rest of the Canadian people, those in the middle and at the bottom, that much worse off.

Knowing that the Government has been given that advice by its chief strategist, I would have thought that this would be a Budget in which it would try to undo the damage that was done in the first Budget. For example, in that Budget it introduced an amazing tax relief in the area of capital gains. Those in a society who get capital gains do not have to pay taxes any more on the first \$500,000 of capital gains. Capital gains are enjoyed by those who are better off. People in the middle and at the bottom do not get capital gains, except

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maybe on their house, which is already exempt under the existing tax laws. That was a clear benefit for people in this society who are better off. With the warning that they got as a Party about the impact that their fiscal policies was having on the class structure of Canadian society I thought they would retract that.

We found in this Budget that they added additional measures to help the rich and to make the poor worse off, because the Government's theory is, and the Minister of Finance (Mr. Wilson) said it in so many words, that there are not enough rich people in Canada. I took it from that that, if the Budgets were designed to make more rich people in Canada, they would be achieving what the Conservatives wanted to achieve through this mandate.

I want to deal with two concrete cases. A family which was earning, in 1984, \$100,000 a year paid in tax \$35,236. Now, under the Budget proposals, which we are debating now, combined with the Government's first Budget that was brought in in 1985, that \$100,000-a-year family will be paying \$34,450 in taxes by the year 1988. That family's tax load will decrease by \$1,000 over the next three years. However, a family earning \$20,000 a year—that is a family at the bottom or close to the middle—will find in the same period that its tax bill will have increased from \$1,388 to \$1,409 in the same period of time. In other words, the \$100,000-a-year family under this Conservative Government gets its taxes cut; the \$20,000-a-year family gets its taxes increased.

Let me look again at the two combined Budgets and their effect on a family of four with one wage earner earning \$20,000 a year. As a result of those two Budgets that family's income tax will go up by \$225, and the wage earner will pay an additional \$300 in sales tax in addition to the income tax increase. I suggest that that kind of social result is unacceptable in the Budget. I know that a lot of members of the Conservative Party regard President Reagan in the United States as their great guru. Let me say this about President Reagan, he has a plan to attack the deficit, but his plan has never included tax increases at all, tax increases on the rich or tax increases on the poor. He is popular in the United States with his approach. In Canada you can understand the public reaction to the Conservative Government whose plan is to increase taxes but not to increase them on those who are better off but, rather to increase them on those in the middle and on those who are worse off.

I want to deal at length in the balance of my remarks with the question of gasoline prices. Gasoline prices are a very important item to the average Canadian family. People used to think that the price of gasoline was rather like a luxury, let us say like cigarettes, and that, if the federal or provincial Governments needed more money, gasoline was one of the discretionary spending areas where you could go—let people drive less. We have smartened up now in our understanding of the impact of gasoline prices on the living standard of Canadians and on inflation in general. For most people—and I am not talking here only about those in our great cities, I am talking about most people in most places in Canada—we find the car