

*Income Tax Act*

the child tax credit—whether the Government's introduction of Bill C-11 should be construed by the Canadian people as indicating at least a commitment to that principle of universality which is so necessary to maintain not only equity within our system of family benefits, but also the commitment of all levels of income earners to such a system.

**Mr. Wilson (Swift Current—Maple Creek):** In responding to that question, for which I thank the Member, I have a duty to point out to him, as I thought I had done on numerous occasions during my discourse, that the fiscal position of this country at this point simply does not enable us to achieve an ideal Utopian world.

I would like to quote a passage from the Fiscal Plan, which the Hon. Member has I am sure and which was presented to him as part of the Budget papers in February, 1986. On page 13 it says this:

Rapid growth in the public debt over an extended period, as has been experienced in Canada in recent years, can seriously limit the growth potential of the economy. As the debt accumulates it fosters uncertainty and heightens fears of inflation. These erode investor confidence, reduce the incentives for risk-taking, put upward pressure on interest rates, discourage private investment and slow economic growth.

In short, a vicious circle can be created where higher interest rates and slower economic growth put upward pressure on the deficit, adding to the debt and debt service charges, which feed back again on to interest rates and the economy.

I want to say to the Hon. Member that I share the concern which he feels for the needy in our society. But I suggest to him that the Government has only a couple of alternatives: One is to increase its revenues, the other is to decrease its expenditures. As I mentioned, there is another possibility, and that involves getting people back to work so that they can be putting into the system rather than taking out. That is the direction that this Government has pursued with some considerable success.

**Mrs. Sparrow:** The early payment of the child tax credit certainly demonstrates the concern for the need of low-income families in Canada. I would like to congratulate my colleague, the Hon. Member for Swift Current—Maple Creek (Mr. Wilson). He has worked very hard to have this Bill introduced and I know all Canadians welcome it. Mr. Speaker, I would like to ask my colleague in regard to the \$300 per child that will be made available to the eligible claimants whose family income is less than \$15,000: Does each claimant apply? Is it based on the 1985 tax return? Is it based on a 1986 estimated earned income? Also, I would like to have him explain the ramifications of an overpayment.

**Mr. Wilson (Swift Current—Maple Creek):** The essence of the Bill is that the calculation will be based on the previous year's income, so for 1986 prepayments the calculation will be based on family income as determined in the 1985 tax return. The cut-off at \$15,000 of family income was made in order to avoid problems which could arise with substantial overpayments. The limit is \$23,500 of family income. Below that level the entire child tax credit is payable, but it is payable in advance automatically only to those with a family income

beneath \$15,000. I am sure that level was set sufficiently low in order to avoid the kind of problems which could arise in the event of overpayments, which was alluded to earlier in this debate. The balance of the payment will be received once the current income tax return has been filed and processed. It would appear, with the level set where it is, that there would be very few overpayments, but should there be overpayments they would be recovered from the recipients.

**Mr. Rompkey:** I was very interested in the Hon. Member's speech and I wanted to ask him about a couple of points he made. Earlier on in his speech he talked about cutting the deficit and helping the disadvantaged in the country. I take that to mean the regions, although I realize that he referred to the child tax credit as well. That is a Herculean task. The fact is that it has not happened. In cutting the deficit and trimming government programs, the Atlantic area in particular has been devastated as a result. When central Canada catches a cold, we get pneumonia, and that is exactly what has happened in terms of that particular region. The government record in cutting the deficit and helping disadvantaged regions is not very effective.

I wanted to ask him too about a topic that we share, and that is the energy policy and particularly the demise of the PGRT. If you want to help disadvantaged regions, one way to do it is by helping the Canadian oil industry. I do not know about companies in the west, but I understand many of them are having difficulty and many people are getting laid off. I do know that there are no rigs off the East Coast of Newfoundland and that projects like Hibernia are on the shelf. I want to ask the Hon. Member, if he really wants to help the disadvantaged regions, if he really thinks the National Energy Policy was so bad, and if he really believes in the demise of the PGRT, what is he going to recommend? What is he going to say to Canadians who want to work on the oil rigs? What is he going to say to small Canadian companies? What is he going to recommend to his Government to replace the PGRT and to try to put some order, some stability, some optimism, and some hope in the energy industry, and particularly the small Canadian companies in Canada?

● (1240)

**Mr. Wilson (Swift Current—Maple Creek):** Mr. Speaker, I should like to respond to the first point of the Hon. Member. I think we have been over it many times. We had the choice of going along the old path. It was a wide and low road, and it had been travelled many times in the past. It was a road which involved spending without responsibility, a road which involved handing out programs without responsible taxation, and a road which led our country to the edge of bankruptcy. It is a road which leads to nowhere.

I think it has been stated and restated a thousand times that if we persist in the ways of the past, in the old ways, we will have a debt with servicing charges which will consume all revenue. In that event there would be no funds for the day-to-day operations of the country, let alone the kinds of programs