

Family Allowances Act

believe will total some \$37 billion over the next four or five years.

First there were reductions in the old age pensions and the family allowance benefits through deindexation of those programs. There was an increase in the excise tax on fuel a week or two ago. There are sales taxes on pharmaceuticals and health care needs. As well, there is a deindexation of the personal exemptions on income tax. There has been a veritable rain shower of new taxes hitting the average and lower-income families.

Let us look at the impact of the deindexation of the personal income tax rates. In this fiscal year, that deindexation will amount to some \$80 million but by 1990-91, it will amount to \$4.36 billion in additional taxes created by that deindexation. The personal surtax on high-income Canadians will only last for 18 months to two years while the deindexation of personal income tax goes on and on and amounts to billions and billions of dollars.

The exemption in the capital gains tax will be only \$300 million in 1985-86. Although that is a substantial amount of money, it will be \$600 million in 1986-87 and by 1990-91, the reduction in taxes for high-income Canadians will be \$1.25 billion.

We see emerging a constant pattern of massive taxation imposed in a regressive way. Sales taxes and excise taxes are those kinds of taxes which bear more heavily on low-income Canadians just as the deindexation of the family allowance bears more heavily on low-income Canadians.

Who are the big winners in the Budget? Obviously it is high-income Canadians who are able to take advantage of the capital gains tax exemption of \$1.2 billion by 1990. It is the large multinational oil companies. The PGRT will provide some \$2.5 billion worth of benefits to the large oil companies. The deindexation of the family allowance will be a very heavy burden on lower-income Canadians, a burden of some \$400 million per year by 1990-91.

The deindexation of the family allowance and child tax credit will cost low and middle-income families some \$15 million in 1985-86. It will cost them \$40 million in 1986-87 and this will affect the 3.5 million Canadian families with children.

Because of last year's election campaign, the *Toronto Star* published an article entitled "Promises, promises, promises" on June 8, 1985. The newspaper calculated that some 29 promises had been broken or had not seen any action. Some of these promises are very significant to our debate today because they represent this general attack on the family.

For instance, one of the promises made was to maintain the tax exemption for families with children at current or higher levels. Another was to increase funding to the provinces for medicare. If we look at the projections based on the Budget, we see that by 1990-91, there will be a reduction of \$2 billion per year in transfer payments to the provinces. I am sure that as we approach the day when the transfer payments begin to be reduced, we will hear a great deal more from the provincial

Governments because of this promise to increase the medicare funding to the provinces.

Another promise made by the Government during the election campaign was that all savings generated from any changes in social programs would be redistributed to other social programs and would not be applied to deficit reduction. The reduction in the family allowance alone of \$400 million by 1990-91 will go to cover about one-third of the benefit which is being transferred to high-income Canadians under the capital gains tax exemption.

● (1610)

The Government made another promise to increase federal transfer payments to the provinces. We have heard the debate during this past year and I have just mentioned the \$2 billion reduction in transfer payments which are provided for in the Budget.

There are no tax increases because that would start a recession. That is the really crucial part of this entire Budget unless we really believe that giving to oil companies suddenly is going to create hundreds of thousands of new jobs proportionate to the \$2.4 billion reduction, or the exemption of \$500,000 a year. What we have to look at is that massive tax increase not only from the deindexation of the personal income tax scales and exemptions but all of the regressive taxes, the sales tax, gas tax, and so on, which is estimated to be some \$38 billion of additional taxation during the next four or five years.

The promise was right, Mr. Speaker, but the result of the Budget was wrong. The Government may think that because of the rhetoric of the Prime Minister this has somehow or other not got through to the average Canadian. However, a report in *The Globe and Mail* on July 25, 1985, showed the results of a poll conducted by Decima Research, which is the polling organization used by the Prime Minister's Office. Those results indicate that the Canadian people are pretty sophisticated and knowledgeable with respect to the Budget and the impact it will have on all Canadians. I would just like to read a couple of key paragraphs from that article. The first one reads:

The results of the poll obtained by *The Globe and Mail* show most Canadians are unhappy with Finance Minister Michael Wilson's budget and think they will end up paying more taxes than they do now.

Entitled Decima Quarterly Report, the poll's results also show 49 per cent of Canadians do not think the Conservatives will meet their promise to reduce the federal deficit through the new budget.

The article continues, and I quote:

According to the poll, 21 per cent of Canadians are "very dissatisfied" with the federal budget, while 39 per cent of the population is "somewhat dissatisfied."

In other words, Mr. Speaker, 60 per cent of the population are dissatisfied with the Budget and the impact it will have upon them and their families. According to the Decima Research poll, 3 per cent were very satisfied. Those are probably the corporate executives of the large oil companies.