

*Income Tax Act*

question of a Conservative Member, we must face the fact that in the long run, from 1989 onward, the child tax credit will come under the partial deindexation program of the Government.

The Conservatives a year and a half ago tried to deindex the old age pension partially. After a massive campaign by seniors in all parts of the country, by their grandchildren, and by others who supported them, they back-tracked on that particular issue. They said that they would throw in the towel on this one, that seniors had a lot of clout, and that they made a mistake. However, they did not retreat when it came to deindexing the family allowance partially. In the House of Commons they said that they would make up for it with the child tax credit and all other measures to help those people who receive the family allowance. Presumably people who are in most need would benefit from legislation such as the child tax credit and the way it has been changed.

However, in a situation which is so typical of Government, it gave with one hand and took away with the other hand. We know that from 1989 onward the child tax credit will be partially deindexed. In other words, if inflation goes up 3 per cent per year, people will not receive the full increase of the cost of living. Obviously, if that continues over any length of time, the value of the child tax credit will diminish significantly. That is a real problem. We can tie that into the fact that the same thing has been done with the family allowance. There is no full protection from inflation as a result of increases in the cost of living. Both these measures are very important to families in need, basically to mothers and especially to single mothers and their children. These moneys will provide for less and less with the passage of time.

That is what I was trying to get the Hon. Member for Kitchener (Mr. Reimer) to admit when I questioned him. They should not talk about the next three years and pretend that the Government has not said what it will do after 1989. Many people in the country have indicated that politicians do not say much and what happens in Parliament cannot mean very much because politicians do not tell the whole truth. I am not accusing the Hon. Member or imputing a motive, but I think it would have been much more valuable for his constituents and mine, as well as other people who may have listened to the broadcast of our proceedings this afternoon, if the Hon. Member had explained or admitted that the partial deindexation would apply in 1989 and in subsequent years. It is stated government intention, and no government Member can deny it. As I said earlier, obviously as a result there will be less money for people who need it.

● (1640)

Let us look at that and at the other measures the Government has introduced over the last two years. Not only will those people who are most in need find things more difficult in the future, but so will those people who are middle income earners. The information released by Statistics Canada in the

last month was very interesting. It indicated that the real disposable income of Canadians was being reduced.

Why is it being reduced? It is being reduced by the bigger tax bite on the part of the federal Government. Despite the speeches of government Members in the House of Commons and the comments of the Prime Minister (Mr. Mulroney) on his little campaigns, the figures of Statistics Canada are proving that the actual take-home pay or disposable money of Canadians is decreasing with the passage of time as a direct result of the tax measures introduced in the last few years of the Liberal Government regime and in the last two years of the Conservative Government regime.

When we speak in the House we should tell the truth for people throughout the country. It is the Government's decision to fight the deficit. I think that is a noble cause, but they should realize there are groups in society who are paying more taxes than others. There are people who will not receive the child tax credit and the family allowance because of the Government's decision to target them; they are the ones who will pay in the battle to fight the deficit. If we can believe the Minister of Finance (Mr. Wilson), I do not think the Government is succeeding in that battle. He has indicated that the deficit will increase by \$2.5 billion more than he predicted.

The Government has refused to come to terms with tax reform. It has allowed for a \$500,000 capital gains exemption. It will continue the policy of the Liberal regime of letting profitable corporations get away with paying no tax whatsoever.

Hon. Members have heard my NDP colleagues rise every day for the last five days to present an award to corporations which have not paid a cent of taxes on \$28 million, \$38 million, and even \$100 million of profits. This morning I rose and talked about the Scott company and the fact that it had made \$28 million in one year. Not only did that company not pay any tax, but it received tax credits for three successive years.

We recognize that in the long run this piece of legislation will hurt those people who receive the child tax credit. I think that should be acknowledged. Also it should be acknowledged how unfair the system has become. We are not taxing those people who can afford it. The Government is providing for a \$500,000 capital gains exemption, which is a hell of a lot of money. It still allows corporations with fantastic profits not to pay any taxes. It also gives tax credits to those same corporations.

Why can we not provide full protection for those who are receiving the family allowance? Why can the Government not say that those people who receive the child tax credit will also receive full protection from any increase in the cost of living, not just for the next one or two years, but from 1989 onward?

[*Translation*]

**Mr. Deputy Speaker:** The Hon. Member for Gatineau on a question or comment.