

Family Allowances Act, 1973

What about the other third? The other one-third or 1.2 million mothers are in high-income families. I am not suggesting there is anything wrong with high-income families. However, we had to make a choice. Those earning between \$30,000 and \$40,000 a year, depending on the number of children they have, will be asked to contribute along with other Canadians, including Members of Parliament and Ministers who have cut their salaries. This one-third is being asked to contribute in a modest way to the economic recovery through the six and five program.

I have more than once tried to explain to the Hon. Member for Calgary West that the six and five program is not for savings, as he suggested this morning. Although I have often explained that to him, he does not want to believe it. The purpose of six and five is to mobilize Canadians and public opinion toward the fight against inflation.

[Translation]

The rate of inflation was expected to be 12 per cent and 10 per cent in the next two years. We have decided that our collective target to reduce and control inflation would be to cut those rates in half and bring them down to 6 per cent next year and 5 per cent the year after. Of course, in any fight against inflation or in any economic endeavour, the psychological element is a key factor and that is why we have used our legislative powers to face up to our responsibilities with a view to controlling inflation. Bill C-132 therefore reduces the increase for next year. Instead of being a full indexation as expected, it will amount to only 6 per cent the first year and 5 per cent the year after. Bill C-139 provides that any Canadian mother who receives a full or partial child tax credit will be entitled not only to the usual full indexation of the child tax credit which was, as you may recall—

[English]

Depending on the number of children, families will qualify for a full or partial Child Tax Credit. Last year a mother receiving a full Child Tax Credit received \$261 non-taxable per child. The Child Tax Credit is asked for by mothers at the beginning of the year. The Child Tax Credit for this year would have been \$293 non-taxable per child. Mothers will be surprised to hear that this year it is going to be much higher. It will be \$343 non-taxable for the child for the year. As I explained, there will be an additional \$50 for all mothers who receive the Child Tax Credit, regardless whether they receive a full or partial Tax Credit.

Why is this being done when it costs so much? We want to ensure that the small reduction in the Family Allowance indexation will not hurt in any way, shape or form the low-income and middle-income families. That is very important. That is why I can easily deny the false statements made this morning. This is why I say to those Canadians who are listening to the debates or will read about them that nobody earning less than \$26,330 will receive less next year or the year after than they normally would have received.

Let me explain to mothers that if inflation had been as high as we thought it would be, they would lose \$1.40. In other

words, their Family Allowance cheque will be more than it is now, although slightly less than they anticipated. If we had full inflation such as we have known, they would lose \$1.40 on their cheque; but the more inflation is brought down, the better off they are. For example, inflation is around 8.5 per cent and it is coming down. That is good news. Mothers will lose less than \$1.40. They will just lose a few cents. Therefore, the quicker we bring inflation down, the smaller the gap will be. There is no gap at all, in fact, if we succeed in bringing inflation down to 6 per cent—and I should not say “if”; it is “when” we succeed. We are coming towards that goal of only 6 per cent inflation, which is not ideal but is far better than what we have had in past months.

• (1450)

[Translation]

It is a fact that the inflation rate is coming down—the Hon. Member for Calgary West (Mr. Hawkes) has just explained all that—but nobody will admit that it is due to the government's 6 and 5 per cent program. Hon. Members opposite, because of party politics, just cannot admit that the government may have succeeded in its psychological campaign to mobilize all Canadians, and they will say: Indeed not! Economists say that there is another reason, but it is not because of the government's 6 and 5 per cent program. Well, maybe it is quite fair for a politician to play politics, but I, for one, have no use for that little game, because Canadians are not any better off in the end. What I find interesting is the fact that the inflation rate has come down. I think everybody will agree with me on that. Since the month of June when we started the 6 and 5 campaign, in other words, over the past six months, the rate of inflation has gone down. In fact, it has gone down over a sufficiently long period to warrant the conclusion that a real trend has been established that will continue to bring about permanent and beneficial change for all families, and I would emphasize the words beneficial and family. In committee, the Hon. Member asked a great many questions, and then he said: How do we know what you are saying is true? We have no guarantee that the child tax credit will be fully indexed and that it will be increased by \$50 for all mothers receiving the child tax credit. So I told the Hon. Member, who still does not seem to understand, that he should read the House Order Paper more carefully, because then he would have known that on December 7, the Minister of Finance (Mr. Lalonde) tabled in the House Bill C-139, which provides for amendments to the Income Tax Act. Perhaps he does not understand that the child tax credit does not fall under my Department's jurisdiction. It is a fiscal measure which must therefore be amended and supplemented by a special bill, which happens to be Bill C-139.

[English]

I say that because his Leader, the Leader of the Opposition (Mr. Clark), has said recently, and it is reported, among other things, in *The Globe and Mail* of December 9, that he would