

*Income Tax Act*

income has declined by a further 5.8 per cent in the first six months of this year.

● (1220)

In the last recoveries we have had in Canada, the personal disposable income of Canadians went up 6.6 per cent in the first two quarters of those recoveries. However, in this so-called recovery the personal disposable income of Canadians has declined. This is the recovery about which the Minister is boasting, a recovery where the ordinary Canadian consumer continues to suffer declines in his personal disposable income; that is, what he has to pay for goods after he has paid his taxes. The recovery, such as it is, is relying on consumer spending financed not from the current incomes of people but from their savings. That is shown by the fact that the savings rate has dropped 5.5 per cent in the past year and is currently 10.4 per cent, the lowest rate of savings since the first quarter of 1979. Consumers are not spending because their personal disposable income is higher; it is because they are dipping into their savings to spend.

The Minister does not care what has happened to the personal disposable income of Canadians. He is heaping tax increases on them, not this year because there is an election which must be fought in 1984 or by March 1985. He has it carefully calculated to fall later, after we have taken over the administration of the government and we are in government. Then people will start looking at their pay cheques and saying: "What in the name of God has happened? My taxes have gone up, the sales tax has gone up. I am being gouged in oil and gasoline, and look who is in power now". The Minister hopes they will blame it on the next government. That is what this change is carefully calculated to do. The Minister is an elongated Hunchback of Notre Dame, a beardless Rasputin; only Rasputin could dream up such steps.

All those tax increases will weaken consumer demand and threaten economic growth next year, just when we may very well have a faltering recovery. Are these tax increases necessary to reduce the federal deficit? Who knows? One has to be in office to see where savings might be made. We know that this is a government which is not attempting to have any savings. The Minister said that the deficit next year will be smaller than this year's. We will wait and see.

What about tax reform, to which the Minister alluded? He apologized for the fact that the Income Tax Act has not been simplified as he would like. He acknowledges that it needs to be more equitable and comprehensible to Canadians, but nothing is done about it. These are the people who have been in power for the last 20 years. It is under their 20-year regime that the Income Tax Act has grown into the hydra-headed monster that it now is. It is so bad that people are now starting to refuse to pay their income taxes. The Department of National Revenue is having increasing problems getting people to pay their income taxes. Some of us in the House know all about that; it has been in the news lately. People are no longer self-regulating. It is too complicated for them. That is why the Chairman of the Standing Committee on Finance, Trade and

Economic Affairs, the Hon. Member for Ottawa Centre (Mr. Evans), said on November 10:

—it is my contention that our current system of taxation remains a major impediment to growth and future prosperity.

That is a Liberal Member of Parliament, a former Chairman of the Standing Committee. Why does he sit in those ranks supporting the people who are putting before us a system of taxation that is a major impediment to growth and future prosperity? How can he believe that and support this Government? That is the question we must ask ourselves. How far can hypocrisy run rampant in the Liberal ranks? Those were the comments of a back-bencher or a half back-bencher; he is half-way up the power ladder in the Liberal ranks. He will not make it because there is not time. He may be one of those Nobel Peace Prize seekers. I must send over my own wire just in case. As a bit of insurance, I will add my name to the petitions which are going over to Norway.

Who else said something like this? The Minister of State for Economic and Regional Development (Mr. Johnston) made a speech on November 29 to the Canadian Tax Foundation. What did he have to say about our system? He said:

I believed then and believe now that the income tax system is in many ways inequitable, unduly complex and is not making the contribution it should to economic growth.

That was a Cabinet Minister, a member of the Government, the powerful Minister of State for Economic and Regional Development who, when he speaks, makes other Cabinet Ministers cringe, perhaps not through fear but for other reasons. In his speech of November 29, at page 3, he said: "I believed then"—that was when he was an honest guy, out of politics or before he ran—"and believe now that the income tax system is in many ways inequitable, unduly complex and is not making the contribution it should to economic growth". How can he stay in the Government if that is what he believes? He has been there since 1979. He has been in Cabinet since 1980. He has been there three and a half years. When will he do something in addition to talk? He goes to his friends in the Canadian Tax Foundation and says one thing. He goes to his Cabinet colleagues and just goes along with them like a tame tabby. His colleague, the Minister of Finance, brings in this abomination which is now before the House, this dish of spaghetti amending the Income Tax Act. He went on to say:

I see the fiscal system, and more particularly the income tax system, as the single most important instrument of economic development—

That is how important it is, according to the Minister of State for Economic Development, Mr. Don Johnston, by the way. For you civilians out there who do not know who it is, it is Don Johnston; mark it down.

**The Acting Speaker (Mr. Corbin):** Order, please.

**Mr. Crosbie:** The Minister.

**The Acting Speaker (Mr. Corbin):** The Hon. Member should not call Hon. Members by their proper names. He knows the rules. He is an experienced parliamentarian. I thought he was deliberately using the Hon. Member's proper