

Supply

Average taxpayers could be paying less income tax and the rich could be paying their fair share, if just two changes were made in the tax system: first, by introducing a minimum income tax of 20 per cent for the rich who are paying little or no income tax, and second, by setting marginal income tax rates for the rich at the pre-1982 level. These two changes in the tax system would bring in \$2.1 billion, and thus make more than ten income tax and tax increases for low-income Canadians unnecessary.

Their incomes would not have been diminished as a result of de-indexing of Old Age Security pensions, family allowance payments and the personal tax exemption; the elimination of RHOSPs and de-indexing of tax tables; and increased taxes on consumer goods.

Canadian men and women wanted a fair Budget, a Budget that would create jobs. In spite of a widely publicized consultation process, the Government has failed to consider the concerns and priorities of ordinary people. It has listened only to the voices of wealth and power.

We in the New Democratic Party intend to ensure the Government hears the voice of ordinary people. Our Party has constantly defended the right of Canadian men and women to be able to retire with dignity. We are committed to this cause. The Prime Minister and Progressive Conservative Members have broken their word, and over the next few weeks, the New Democratic Party intends to pursue its efforts to restore indexation of Old Age Security pensions.

[English]

Ms. Mitchell: Mr. Speaker, I am sorry that my French is not as fluent as that of the Hon. Member for Kenora-Rainy River (Mr. Parry). Does the Hon. Member feel that in addition to the deindexing of old age pensions, the reduction of indexing of family allowance is almost as bad and that this really reflects the Conservative Government policy of eroding universality as a general policy?

[Translation]

Mr. Parry: Mr. Speaker, I want to thank the Hon. Member for her question. During the pre-Budget conferences held as part of the so-called consultation process, we of the New Democratic Party suggested to the Government a number of options in connection with family allowance and tax exemptions for families, which we feel would have made for a fairer tax system for Canadian families. Now it seems the Progressive Conservatives have decided to ignore that option in favour of one that benefits only the rich, and now, as a result of changes in the family allowance program, Canadians with a gross income over \$18,000—I think that is the correct figure—will be paying more taxes.

[English]

Ms. Mitchell: I would be delighted to ask another question, Mr. Speaker.

Mr. Epp (Provencher): You are practised from Question Period.

Some Hon. Members: Oh, oh!

Ms. Mitchell: I am surprised the Minister is not asking questions.

A mutual colleague of ours, the Hon. Member for Vancouver-Kingsway (Mr. Waddell) in Vancouver recently raised the whole question of the impact of the reduction of indexation on pensions as it would impact on people who are age 50 now. I know the Hon. Member was speaking as an accountant so perhaps he could confirm some of the figures. Apparently the impact on a 50 year old person today in the year 2000 will mean a lifetime loss in purchasing power equal to \$36,000 in 1985 dollars if that person lived to be age 85.

Another figure we have heard is that one-third of the earning power of a 50 year old when he or she gets to pensionable age would be lost. It appears the big losers are those who have not yet retired because of the cumulative effect of this measure.

[Translation]

Mr. Parry: Mr. Speaker, I would like to comment that de-indexation of pensions will result in a permanent net loss for Canadians who retire in the year 2000 or after. This means that if de-indexation is maintained ad infinitum, the longer a person lives, the more that person stands to lose as a result of these measures.

What we are asking the Government is for a policy that would end de-indexation at some point, because it is clear that if we go on indefinitely with pensions indexed at 3 per cent below the general level of inflation, we will reach a point where pensions will be worth half what they are today. I would like to quote some figures that go back in history; instead of being projections for the future. In 1967, the Old Age Security pension was set at 20 per cent of the average salary, while today, in 1985, as a result of the austerity measures of the previous Government, which prevented pension increases from keeping pace with general salary increases, this percentage has already slipped back to 15 per cent of the average salary. According to our calculations, by 1991, the Old Age Security pension will be down to about 13 per cent of the average wage, the tragic result of de-indexation.

● (1620)

[English]

Mr. de Jong: Mr. Speaker, I should like to ask my colleague a question relating to reducing the deficit and job creation. We have heard, certainly in the last week, government Members justifying the deindexing of the Old Age Security and the saving of some \$1.5 billion by 1990, while having given the oil companies some \$2 billion by that time in extra tax relief.

Miss Carney: Wrong, wrong.