

Income Tax Act and Related Acts

When everything is said and done, he has not done that. Right now, an individual will begin paying tax when earning \$6,220 a year. Someone living in Ottawa, for example, earning \$518 a month will pay at least \$250 a month for shelter. That leaves \$268 for food, clothing, transportation, telephone and medical bills. The Government is expecting that individual to pay tax as well.

Senior citizens with an income of \$6,220 per year are expected to pay tax while there are still many wealthy individuals with incomes well over \$75,000 or \$100,000 a year who will not pay one cent of tax. There are about 60,000 profitable corporations that do not pay a cent of tax.

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In 1986, PWA, with income totalling \$39 million, did not pay one cent of tax. In 1986, Union Carbide of Canada with income totalling \$28 million did not pay a cent of tax. Somehow those large corporations can make hundreds of millions of dollars and yet pay not one cent of tax while the senior citizen with a bare income of \$6,220 per year, \$518 per month, is expected to pay tax. Is there no shame? Is there no sense of justice? What we hear is rhetoric from the Minister. We all know that it allows some people with very high incomes to pay less tax than the average Canadian wage-earner year after year. We all know it allows those who are able to use special tax breaks to shift the burden to those less able to carry it.

He is right on. Why in heaven's name did he not introduce a tax package that would correct those inequities, that would ensure that profitable corporations paid their fair share, that would ensure that those who have high incomes, who benefit the most from the wealth of this country, pay their fair share? That would be far better than making those low-income individuals with incomes of some \$500 per month carry the burden.

When I see members of the Government standing up in the House trying to perpetuate the myth that this income tax measure is indeed going to reduce the tax burden on the poor and middle-income earners, I am surprised. Speaker after speaker, they stand up in this House and repeat these mis-truths. It is as though we are living in *George Orwell's 1984*, where the philosophy was if you repeat an untruth often enough, people will begin to believe it.

It is true, as government Members claim, that compared to 1987 there will be a reduction in the income tax that people will have to pay, but compared to 1984, when the Tories were first elected, the vast majority of Canadians will be paying at least \$1,000 per year more in taxes, even considering tax reform. The only group which will be paying less taxes are the very rich, those earning \$100,000 or more per year. They will pay less taxes in 1988 than they paid in 1984. They are the true winners in the smoke and mirrors that is called tax reform which was introduced by this Government.

It should not be surprising that this is the type of legislation the Government has introduced. This Government basically believes in the old trickle down theory which is that if the guys at the top are doing all right, eventually the benefits will trickle down. It is something like the notion that if you feed the horse a lot of oats, eventually the sparrow will get some. With this legislation, the horse will get a lot of oats. Some of the very wealthy in this country will see a tax savings of over \$4,000 a year. But the benefits will not trickle down. It will not increase employment. It will not ensure that there will be an increase in productivity and that the wealth will be shared.

Mr. Forrestall: Why not?

Mr. de Jong: If the Hon. Member would care to read even basic text, he would find that a lot of the excess wealth is used for corporate takeovers. With this legislation, companies gobbling up other companies will still be able to deduct those expenses as a business cost, can you imagine, Mr. Speaker. Another reason why the trickle down theory does not work is that the \$4,000, or whatever extra dollars these rich individuals save on their income tax, will most probably be spent in Mexico, Italy or Morocco.

The third reason the trickle down theory does not work is that people can only spend so much, and their excess wealth is invested in places outside this country. We have seen this. We have seen the outflow of investment from Canada increase in the years the Tories have been in power, creating no jobs, causing no increase in productivity in Canada.

The theory of Ronald Reagan, Margaret Thatcher and our home grown Tories that assumes that if the guys at the top are doing quite all right eventually the people below will begin to benefit is a theory that has not worked. It is a theory that has resulted in armies of homeless people across the United States and in Great Britain. It has resulted in soup kitchens and food banks in this country. The wealthiest countries in the history of the human race have poverty in every major city. That is the result of these bad economic theories and I am afraid we cannot support the main motion. We will be supporting the amendment.

[Translation]

Mr. Jacques Guilbault (Saint-Jacques): Mr. Speaker, as the debate on Bill C-139 is nearing completion I too would like to make my contribution. The amendment we are debating at the present time, moved by my colleague the Member for Laval-des-Rapides (Mr. Garneau) is quite harsh because we on this side of the House feel that tax reform will be extremely harmful to Canadian taxpayers. The amendment moved by my colleague goes straight to the point and enumerates the main flaws of the Income Tax Act reform that was introduced here in Parliament by the Conservative Government. Under this reform, the new tax system will not be sufficiently progressive. After tax reform, once it is passed, there will only be three statutory tax rates.