

clear direction of the White Paper. I think the Hon. Member should rephrase his question before he draws a conclusion.

Mr. Axworthy: I would ask the Minister of Finance to rephrase his answer and simply indicate to the House whether in fact he intends to respond to the unanimous recommendation of the committee, made by members of all Parties, that a minimum tax be applied, as the only way to regain the fairness.

TAXES PAID BY FAMILIES

Hon. Lloyd Axworthy (Winnipeg—Fort Garry): Mr. Speaker, what does the Minister define as fairness? How can he reconcile the fact that according to the Finance Committee's report the banks pay an average of less than 1 per cent of their Canadian profits while the Government itself has imposed new taxes that will cost the middle class family with two kids \$447 additional taxes in the coming year? Is that his definition of fairness? Is there one definition for the banks and another definition of unfairness for families with kids?

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, the Hon. Member has asked a couple of questions. Let me say to him that I propose to respond to all aspects of the proposals of the Finance Committee report. That will be done next month, when I put down a Ways and Means Motion.

Let me draw to the attention of the Hon. Member that a family earning \$30,000, with one earner and two children under age 18, pays \$4,150 in taxes. A single person under age 65, also earning \$30,000, pays \$6,485. In other words, under tax reform the family pays quite a bit less tax than the single individual.

I should point out that there is a significant drop in the amount of taxes that families pay as a result of tax reform.

• (1420)

Mr. Axworthy: Mr. Speaker, I would say to the Minister of Finance that while he may cite those tables, what he does not cite is that the Government has already raised taxes for families in the middle income level by over \$2,000 in the past three years. All he is giving back is what he has already taken away.

FARM INCOME—ACCRUAL ACCOUNTING SYSTEM

Hon. Lloyd Axworthy (Winnipeg—Fort Garry): Mr. Speaker, let me just come to a final question about the committee's report. It says that the proposed changes in the White Paper may affect farmers more than any other group. In particular, it points out that changing the treatment of cash, income and losses, is going to have a devastating effect on many farmers.

Is the Minister of Finance prepared to say today that he will get rid of the punitive new accrual accounting method, which no one understands, anyway—what we do understand is it is going to cost the farmers a lot of money—that he will follow

the recommendations of the committee, so that the farmers can get on with what they do best, which is farming, rather than fighting the tax bureaucracy of the Conservative Government in Ottawa?

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, the Hon. Member made reference to the fact of a tax change over the past three years since we took office. Let me also draw his attention to the fact that there have been other changes, too. The average mortgage on a \$50,000 house today is \$1,200 a year less than it was back in 1984. That is considerably more than any tax increase on that same family.

Let me also point out that well over a million jobs have been created in that time so that there are many more Canadians paying tax because they have a job. Those are the advances we have seen under this Government.

The Hon. Member just made reference to the proposal for a change in the accounting system for farmers. What he has said quite clearly is that he does not understand it because he said it was going to be devastating, that it was going to cost the farmers a lot of money. He does not understand that the key reason for this is to save the cash accounting system for the legitimate farmer, and to avoid the problems that will arise as a result of the ability of farmers, part-time farmers and other farmers who are not legitimate farmers, to write-off farm losses against other income. We are trying to save the cash accounting system for legitimate farmers.

* * *

TRADE

CANADA-UNITED STATES TRADE AGREEMENT—EFFECT ON FISHING COMMUNITIES

Mr. George Henderson (Egmont): Mr. Speaker, my question is directed to the Minister for International Trade. On October 19, when the Minister was asked whether or not the current export regulations protecting our Pacific processing plants would remain in effect under the Prime Minister's free trade deal, she replied as reported at page 10135 of *Hansard*:

There is no change in the situation. Those rights are protected under the free trade agreement.

Today we learn that thousands of jobs in British Columbia, and more in Atlantic Canada, are now at stake. What is the Minister now going to do to protect our fishing communities?

Hon. Pat Carney (Minister for International Trade): Mr. Speaker, I think the Hon. Member is confused. The point he is making I do believe refers to a GATT panel decision which has been leaked and has nothing to do with the free trade agreement we negotiated with the United States.