

*Family Allowances Act*

suspend the family allowance payments. It could also tell the parents that the moment the child is found or has returned home, they should notify the Government and it will be reinstated. I urge Government Members and the Minister to look at the problem to see if there is any way to soften the blow or perhaps to see whether it is really worth the pain and anguish. If we are only talking about some eight to twenty children per year, surely that amount of money will not break the Government of Canada. We are not that bankrupt! I will continue to raise this matter, as I am sure others will, in an attempt to arrive at a solution. I encourage parents who have been through that situation to write to all of us to tell us what they think the effect of this proposal will be.

I should like to turn to another aspect of the Bill, one which touches most Canadians. The main principle of the Bill is the deindexation of the family allowance. What is deindexation all about? If inflation rises by 5 per cent per year, it means that the family allowance will only increase by 2 per cent. If inflation rises by 2.9 per cent, it means that the family allowance payment will not be increased. No one is suggesting that the Government is actually taking away the paper figure. It is not being reduced from the \$31.27 per child, but the purchasing power of the recipient is being reduced. Each year the payment will be worth 3 per cent less in terms of purchasing power. If it is compounded over the years, it is even worse. In real terms it means that families, in particular women and their children, will have less money to spend on children's clothing, family food, school supplies, bus tickets and essential medications for those individuals who are ineligible for Government income support programs. Also it means that there will be less money for recreation or to sock away for future education. These are the types of things for which family allowance payments are used. Perhaps, for those of us here who are making what would be considered a damn good buck as Members of Parliament, \$370 per year for each of our children does not seem to be much. However, for many Canadians it means the difference. For many women it is their only income. Let us not erode it. For many families it is a nest egg for the future, not only for their future or the future of their children, but for future generations, by providing for their education, because unfortunately we do not have free education.

The previous Hon. Member who participated in the debate talked about three particular components. I would like to ask him about the rest of them and to present to the House some detailed figures. First let me indicate that these are not my figures; quite frankly I am not an economist. These are the figures of the Canadian Council on Social Development, a well-respected agency in the country. Its previous head went on to become a Minister of the Crown in the Province of Ontario, the Hon. Reuben Baetz, who is not exactly what one would call a ranting, raving lefty. That organization is very well respected because it conducts research to ensure that we in the House of Commons know the impact of our decisions.

• (1710)

There is a table in one of their documents entitled "Effect of the Budget on the Disposable Income of Families in 1990—Couple with Two Children". It has a range of the various income levels and I want to run through some of these.

For those whose gross income level in 1985 is \$10,000 the tax deindexation and tax deductions will take \$179 away from them. Child benefits will reduce this income by \$89; consumer taxes will take another \$130 away from them; the increase in RRSP limits really does not affect them because they do not have any money to put aside; capital gains break, for some reason they will get \$2. In 1990 dollars that translates into a loss of \$396 per year of 4 per cent of their disposable income and 11.3 per cent of discretionary spending. Those who are making \$15,000 a year lose \$398 through the tax deindexation and reduction; \$103 through child benefits; \$140 through consumer taxes; no increase in RRSP limits that benefits them; and \$7 in capital gains break for 1990 dollars of \$634. Their percentage of disposable income is 4.4 per cent while discretionary spending is 9.8 per cent.

We go on, Mr. Speaker, until we reach the last plateau where there is a decline which is in the \$40,000 bracket. They lose \$625 because of tax deindexation and tax reduction; \$277 from child benefits; \$361 due to increase in consumer taxes. They gain back \$863 through the increase in RRSP limits and \$42 in capital gains. Their net change in 1990 dollars is a loss of \$358. That is a 1.1 per cent decrease in disposable income and a 1.9 per cent decrease in discretionary spending.

Let us take a look up the line, though, to the folks at the top. It is not the \$500,000-a-year bank president who some people in this House like to refer to, but it is someone who is grossing \$200,000—and I think sometimes that is an appropriate way to describe it. The tax deindexation and tax reduction will drop their income by \$1,552; they will lose \$344 from child benefits; they will lose \$1,442 from consumer taxes, but here is where it changes, and this is the argument we are making. It is not a balance. The increase due to the change in RRSP limits is \$3,825. They get \$4,032 more because of the capital gains break. In total 1990 dollars they have a net improvement of their lot in life of \$4,519. That is a 3 per cent increase in disposable income and 4.2 per cent as a percentage of discretionary spending.

Very clearly, Mr. Speaker, based on that kind of analysis, the phrase "the rich get richer and the poor get poorer" is no more or less applicable here than any place else in terms of this Bill and the other Government measures. Somebody with income of less than \$10,000 loses \$396 and someone with income of over \$200,000 gets \$4,500.

What about the ability of this country to afford family allowances? Do we really have to reduce the value, and I want to be careful in using those terms, of family allowances in order to pay for our deficit?

Mr. Speaker, I can see that I am going to have to go to stage two at some point in this debate which I suspect will be a fairly