

Statements by Ministers

It is quite clear that the Government intends to proceed with the tax, including the tax on food and other household essentials, despite overwhelming adverse reaction. I have talked to my constituents and I have received telephone calls from across the country.

Mr. Hockin: You just heard the speech.

Mr. Cassidy: We knew this would be in the speech. We have been asking the Government to back away from tax on food since the announcement by the Minister of Finance just over a month ago about what would basically be contained in this package tonight.

Did the Conservatives back away? No. Were they even prepared to admit that there was a problem? No. Instead, they reiterated their belief that food should be taxed so that when people go to Woodward's, Safeway, Loblaw's, the A&P, the IGA or Boushey's grocery store in my constituency, they will have to pay a 6 per cent tax on food.

That is very clearly sketched in this package. My friend, the Hon. Member for Kamloops-Shuswap (Mr. Riis) was with me in the lock-up and we were frankly shocked at the way the Government continues to ignore the advice it receives from ordinary Canadians.

I say to the Minister of State for Finance (Mr. Hockin) that he should tell his colleague, the Minister of Finance, that while Dalton Camp was hired at more than \$100,000 a year to advise the Government on how to keep out of trouble, he failed because he did not persuade the Government and the Minister to abandon the sales tax on food.

I understand that even the Prime Minister (Mr. Mulroney) appealed to the Minister of Finance not to put this in the White Paper. He also failed in having it removed. The Government is making a tragic mistake. We realize that the Government is low in the polls and experiencing problems. We know it will continue to stay down in the polls if it threatens in 1989 to take back this reduction in income tax with the sales tax they propose on food and other items.

Let me point out the figures which the Government has put into its estimates of revenue on sales tax for 1988 and 1989. It indicates that sales tax revenue in that year will increase not by the \$1 billion that was announced by the Minister tonight, but by \$2 billion over 1987. In fact, in 1988, the Conservatives will have doubled the sales tax burden on average Canadians since they came to office. Canadians tell us that they are prepared to accept taxation on the basis of the ability to pay. That means on the basis of their income, not on what they buy.

Let me deal with personal income tax. We welcome the conversion of the Conservatives to the tax credit system. It is long overdue in our tax system and we welcome that. However, I deplore the fact that in implementing the tax credit system the Government failed to make it essentially any more progressive than it is now.

Mr. Hockin: It is much more progressive.

Mr. Cassidy: The Minister of State for Finance says that it is much more progressive. Let us look at the cuts in taxation for the winners. People earning less than \$15,000 will receive a \$140 tax cut in 1988 or thereafter. Those earning \$15,000 to \$30,000 will receive a \$405 tax cut. Those earning \$30,000 to \$50,000 will receive a \$470 tax cut. This is a system which rewards those who have, not those who need because as one's income goes up, one wins more.

Mr. Hockin: They are paying more in tax.

Mr. Cassidy: Those in the \$50,000 to \$100,000 income range receive a \$700 tax cut. When we get to the blue circle people earning over \$100,000, we see that they receive a tax cut of \$4,365. That is a tax cut which is 30 times the tax cut for people who earn under \$15,000.

What kind of tax reform is that? Why can we not have tax reform that benefits poor Canadians and ordinary Canadians rather than putting money into the hands of the rich?

Some Hon. Members: Hear, hear!

Mr. Hockin: What sophistry.

Mr. Cassidy: The Minister of State for Finance has obviously not been privy to the secrets of his colleague, the Minister of Finance. Otherwise, he would realize what a paltry job has been done with this particular tax reform.

The real measure of tax reform is the amount of cash that goes back into people's pockets. The amount of return to people earning under \$15,000 is equivalent to eight-tenths of a per cent of their income. That is not exactly revolutionary. The amount of return for those in the income level between \$15,000 and \$30,000 is 1.4 per cent, somewhat better.

The amount of return for those earning \$30,000 to \$50,000 is again eight-tenths of a per cent, the same as those earning less than \$15,000. Apparently, people in the \$40,000 bracket need as much back in proportional terms as poor people.

Those in the \$50,000 to \$100,000 range are not quite so well off since they only receive back six-tenths of a per cent.

Our wealthy friends earning over \$100,000 receive back in proportion to their income an amount equal to 1 per cent of their income. This means that tax reform that is meant to make the system more progressive puts a higher proportion of income back into the hands of the very wealthy than it does to the very poor. That is Tory tax reform, not real tax reform. I believe it is a pitiful excuse for the kind of reform Canadians were expecting. It is no wonder that average Canadians ask why, under Liberals and Conservatives, wealthy Canadians get a break in every budget while poor Canadians do not get any breaks.

Ordinary Canadians wonder why they have had to pay \$1,300 more a year while wealthy Canadians receive the breaks. Average Canadians will wonder whether it is simply a coincidence that 850,000 Canadians will be taken off the tax roll when, according to our calculations, that is the number of