

The Budget—Mr. J. N. Turner

cent. But if you make \$100,000 a year, the increase will be only 4 per cent. If you make \$200,000 what will the increase be? Only 2 per cent, Sir. That is the fair, equitable Budget of this Government and of the Minister of Finance?

I want to tell the Minister why I brought in indexation of the tax system into the Income Tax Act in the first place in my Budget of February, 1973, a Budget I recommend the Minister read and study. Our income tax is based on a progressive system. It is based on a progressive rate schedule. As a Canadian's income increases, the percentage of tax he or she pays increases. It is basically sound, basically fair. But the increase should be in real terms, it should not be in inflationary terms. The increase should be a real increase, and not just a numerical or nominal increase as a result of inflation. If a Canadian gets a 5 per cent pay increase, and inflation for that year is 5 per cent, the increase is really illusory, it does not exist. He has the same purchasing power. There is nothing more. But under the tax system we had then and under the tax system the Minister proposes for us now, that person will be worse off, because for every 3 per cent in inflation his real purchasing power will diminish and he will get caught by the new system proposed by the Minister.

In my Budget I moved to eliminate that unfair and unintended result from our tax system by indexing deductions and tax brackets as the consumer price index increased each year. That move was supported by the Conservative Party when the Conservatives sat in opposition under the former Leader of that party, the Hon. Mr. Stanfield. The only people who opposed that move at that time, as I recall, were the other Parties.

Mr. Gauthier: The NDP.

Mr. Turner (Vancouver Quadra): The tax system would no longer erode a person's purchasing power and individuals would no longer pay tax at a higher marginal rate simply because inflation boosted him or her into a higher tax bracket.

For a person on fixed income, the result of indexing was to reduce taxes each year of prices went up and leave him or her with the same real tax to pay but not the same nominal tax, which was inflation. That change put Canada on the vanguard of nations with progressive, humane tax systems. No longer were the neediest hit. No longer was the tax system claiming higher and higher shares of an individual's hard earned money simply because of inflation. That system, I believe, Sir, has served us well since it came into effect in 1974.

Last Thursday, the Minister of Finance turned back the clock and virtually wiped out one of the most progressive and humane changes in tax legislation in our history.

[Translation]

We Liberals know what our principles are. And since last Thursday, when this Budget was brought down, we also know what the real principles of the Conservatives are. The Conservative Government has finally shown its true face. Last Thursday's Budget has made a mockery of the Prime Minister's solemn commitments made during the election campaign.

This Budget is a betrayal of the trust of Canadians. The Minister has deceived the Canadian people.

This Budget is a direct attack against Canadian men and women on low incomes who are being hit by a whole series of tax increases. A real downpour, as the Hon. Member for Laval-des-Rapides (Mr. Garneau) said. "Taxes, taxes, taxes!" to use the words of the Hon. Member for Saint-Maurice (Mr. Chrétien). The tax on gas: 2 cents more per litre. The Government is going to use the money to pay the oil multinationals the \$2 billion it agreed to pay them under the Western Oil Accord.

The Minister of Energy, Mines and Resources (Miss Carney) promised the House that this measure would not result in any tax increases for Canadians. We have been deceived. This Budget contains a whole list, a series, an avalanche, a veritable downpour of taxes: federal sales tax exemptions on certain products have been withdrawn; a 1 per cent increase in federal sales tax; a 25-cent increase in excise tax on a large package of cigarettes; a 2 per cent increase in the excise tax on alcohol. Even candy is being taxed! This is a cruel Budget, a cowardly Budget!

• (1610)

[English]

It is also a regressive Budget. It hits those least able to pay. It hits the consumer. There is a 1 per cent hike in the federal sales tax to 11 per cent. New items not previously taxed have been added—everything from children's candies and soft drinks to pet foods and alternative energy equipment. The 11 per cent tax now applies to health care products as well, such as bandages. Scrapes and bruises are suddenly taxable items, as well as soap and shampoo. It will cost more to stay clean. It really is a dirty Budget.

In 1982, the average family of four in the under \$20,000 income range spent \$372.60 per year on health care products. The Minister has just raised that bill by \$41, 11 per cent, to \$413.60. Again it is a tax which will hurt those who can afford it least. They will be the hardest hit. Most important is that the 11 per cent sales tax now applies to surgical supplies in doctors' offices, dental instruments, X-ray apparatus and X-ray film. A trip to the dentist will be more expensive, especially if one has children. These increases are expected to cost the health field alone some \$75 million per year in additional costs to average Canadians going to a doctor or going to a dentist.

Mr. Nystrom: That is painful.

Mr. Turner (Vancouver Quadra): The Hon. Member to my left says: "That is painful". I want to tell him that trying to get any information from the Minister of Finance is like pulling teeth.

What does the Budget do for women? First, there is no mention of the promise of a home-maker's pension, which was in their platform during the election campaign. The Prime Minister was committed to it in the Leaders' debate on