

*Restraint of Government Expenditures*

Company of Young Canadians which was extinguished simply because the government found it to be a public relations embarrassment. It had nothing to do with any kind of evaluation of its cost-benefit aspect or its worth-while qualities. I would like to have had an opportunity to say more about the Company of Young Canadians, because I think that if ever there was an action on the part of the government indicative of a kind of overwhelming cynicism, it has to be in the destruction of its own child, the Company of Young Canadians. It was introduced by the former prime minister and the former member for Ottawa-Carleton in glowing tones less than a decade ago, and has now been put out of misery by a government which could no longer understand or explain something valuable that in fact it had done. I have no hesitation in saying that about the Company of Young Canadians which I actively supported at the outset and since, and those hon. members who will take the time to read the record will know that.

● (1650)

But there is one area that I cannot ignore, because it seems to me that it reflects the ultimate cynicism of this government. I refer to the government's announced decision to terminate for this year the indexing of family allowance payments. On the face of it, this does not sound like such a serious proposal. Surely, people in various stations of life and in various situations of economic ability are affected to the same degree, and therefore at the outset people would not be overly troubled by this action on the government's part. But, as was pointed out by our House leader, the hon. member for Grenville-Carleton (Mr. Baker) yesterday, there is a fundamental difference with respect to family allowances now and their previous version—and that, of course, is the aspect of taxation.

Since taxation of family allowances has been introduced, it has been very clearly understood that the impact of this form of family assistance is directed at those who need it most, those in the lower income groups who, quite naturally, do not pay much or any income tax and can benefit from the full amount that is disbursed on a monthly basis. Those in the middle and higher income brackets who, in effect, do not need the family allowance find that for the most part it is being taxed back to the federal treasury. That is why the element of seriousness exists with respect to this measure.

I have already indicated the extent of unemployment which exists in the five eastern provinces. Let me also indicate the loss of income to a very high proportion of low income people who live in these five eastern provinces, the roughly eight million people who inhabit the four Atlantic provinces and Quebec. The loss of income this year, because of the removal of the indexing of family allowances means, in the case of Newfoundland, some \$6,625,000; in the case of Prince Edward Island, some \$1,213,000; in the case of Nova Scotia, some \$8,209,000; in New Brunswick, some \$6,928,000; and in the province of Quebec, some \$58,420,000.

**Mr. Kaplan:** How much in Ontario?

[Mr. MacDonald (Egmont).]

**Mr. MacDonald (Egmont):** I would be delighted to provide those figures if I had time, but I am trying to indicate to hon. members—and I know the parliamentary secretary does not disagree with me—that a much higher proportion than the national average of low income families live in the eastern provinces and they are affected by the government's measure to the extent shown in the figures which I quoted a moment ago, apart from the figures on unemployment which I also quoted.

The point I am making—and I hope the parliamentary secretary understands it clearly—is that the people who are most seriously affected are not those who are contributing to the inflationary situation in the country. I hope the parliamentary secretary is not trying to suggest in his question that the people who rely heavily on monthly family allowance payments are in any way contributing to inflation, because the money they spend is not money spent on the kind of luxuries that middle and upper middle class people very often provide for themselves. We are talking about the bread-and-butter situation which exists for people on very low incomes and often at subsistence levels.

I think it would be incredible for any individual—and that is why I found the action of the government last December, and in its announcement since, so unthinking and so insensitive—to believe that there is some merit in reducing the very payments that more than any other in this country helps to alleviate some of the economic injustices that exist, particularly in regions of the country where there are not as many employment opportunities or where the employment opportunities and incomes are at such a low level as not to support satisfactorily individuals and families with the necessities of life. I believe that when we are thinking of the economic disparities which exist among individuals or in regions, programs of income equalization which are basic to families, such as the family allowance program, should be beyond the range of government—even of this government—to tamper with in this fashion.

I have not yet heard the minister, the Prime Minister, the parliamentary secretary or any member on the other side give an adequate explanation as to why the termination in 1976 of the indexing of family allowance payments was justified, particularly for the individuals in regions which so desperately need them. I know that the government, apparently feeling conscience-stricken, announced in its most recent Speech from the Throne that indexing of family allowances would be reintroduced next year. What a great and generous move for this government to make, when legislation had already been passed establishing this as the normal way in which this program was to be administered! The shocking thing is that this House should be asked to remove this added form of income equalization in the face of a program of government restraint which, from all points of view, has simply not held up in terms of credibility or accountability.