

● (1240)

[English]

Mr. Ernie Epp (Thunder Bay-Nipigon): The motion before us of the Member for Saint-Henri-Westmount (Mr. Johnston) is to strike out of the income tax Bill the provision for deindexing the tax tables which have the direct effect of moving people to higher tax brackets as their incomes move upward because of inflation. They are forced to pay higher taxes, even though the real effect of inflation is to leave them without the pay increases that they need. Their families are left in the same financial position in which they were before. In debating that amendment, which I support whole-heartedly, I would like to talk about what the effect of the Government's proposal would be on Canadians. I want to think about that in terms of the lives of people across the country, the regard that Conservatives say they pay to the well-being of people, and in the process, to think about what would make this country better off or worse off.

I think the Conservatives would like to have us believe that they are concerned about the well-being of individuals and families across the country. They have done a pretty good job in Opposition of painting themselves as defenders of individual Canadians. I would concede that they had some of their best success in that, as far as taxes are concerned, when they took a task force across the country to demonstrate the shortcomings of the tax system and the way in which taxes are wrung out of individuals and small businesses across the country by officials of Revenue Canada. That achievement before the last election was very useful in suggesting to the Canadian people that the Conservatives really care about their well-being and that of small businesses, and that when the Conservatives came into power things were going to change. They said that they would take the actions required to ensure that Canadians become better off.

The budget proposal that we are debating today will leave Canadian families much worse off than they were before. It will have the effect, by the end of this decade, of taking so much more money out of the pockets of individual Canadians and reducing the means which families have available to maintain themselves that one can only conclude that what the Conservative Opposition said is rank hypocrisy now that we are faced with a complete denial of the expectations the Canadian people had. We are faced with the brute facts of a tax system that is grinding individual Canadians and their families into poverty.

I recognize that my Conservative colleagues in the House have difficulty recognizing that particular reality. They are looking bemused, puzzled, and distressed as I say these things, yet they are the realities of the system. They reflect the fact that the Government, in the Budget of last May 23, put forward a variety of proposals designed to increase revenue on the one hand, and, on the other, put forward other measures that were designed to reduce the expenditures of Government.

Those measures together, of course, are the ones that have the effect of reducing the income of a family earning one salary of \$35,000 by almost \$1,000 in 1986. That reduction of

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\$964, to be precise, involves a good deal more than just this deindexation. I will say immediately, however, that it assumes that the modification of cost of living indexing will cost this family approximately \$115. That, out of a total of \$1,000, is more than 10 per cent, and not to be scoffed at as an important feature.

There are other proposals as well. The reduction in federal income tax that was put into effect in the early 1980s, which the Government has decided to abandon, will have the effect of increasing the taxes of this average family by \$100. The increase in unemployment insurance premiums will increase the amount taken out of their pockets by Government by \$102, and so on and so forth, Mr. Speaker. There are a variety of changes that will reduce the income of this average family in 1986 by almost \$1,000 from its total income of \$35,000.

It seems to me that that is not the route to prosperity for individuals and families across the country. It leaves one with a sense of betrayal on the part of the Government, given the hopes that Canadians had when they voted for the Conservatives in the summer of 1984 on the basis of their campaigns. These impacts on individuals and families in Canada are, unfortunately, part of a trend that was under way while the Liberals were in Government through the 1970s and into the 1980s. It is part of a trend of shifting the burden of Government to individuals across the country. That is the second aspect of this which deserves to be emphasized.

In the Department of Finance there is certainly a certain strategy of bringing prosperity to Canada by following certain fiscal principles, or at least one must assume that. If the people in the Department of Finance do not have some such understanding, we would want them all to resign their offices and give the opportunity to people who do have a vision of how the country could be returned to prosperity. We know that the Minister of Finance (Mr. Wilson) believes that if he can only bring in more money and reduce his expenditures and the deficit, that will be significant in moving the country toward prosperity. That depends on how it is done. On the one hand, wealthy Canadians are being given a variety of tax opportunities such as the capital gains tax holiday that has been put forth. On the other hand, there are the kinds of reductions of income for the mass of the population across the country. Therefore, it seems we can debate the philosophy that prevails in the Department of Finance. We can question the good sense of the Minister of Finance.

● (1250)

Surely the amount that people can spend is basic to the prosperity of our country. Surely, the disposable income available to people to spend in the shops in the City of Thunder Bay, its surrounding towns and in communities throughout the country is basic to the business well-being of those shop owners.

When the Government reduces that amount by a thousand dollars, it is not cutting into the necessities such as rents which will not fall or mortgages which will likely rise, or the cost of food which is unlikely to decrease significantly. People will