

*Oral Questions*

things, they had a massive tax increase imposed upon them of an average of \$100 per taxpayer, at least.

The November budget, part of which still remains, talked a great deal about equity. I wonder if the Minister of Finance could tell us what has happened to that concept of equity, when he is forcing millions of lower and middle-income Canadians into higher tax brackets, by his changes in the indexation proposal, while those with incomes above \$50,000 per year will continue to pay the same rates? Why in these massive new tax increases is he socking it to lower and middle-income Canadians, and why is he sparing the rich?

**Some hon. Members:** Hear, hear!

**Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance):** Madam Speaker, I would just say in reply to the Right Hon. Leader of the Opposition that the concept of sharing is fully evident in the budget provisions. In the budget, it is true that we have asked certain Canadians to yield some of their benefits in order to help Canadians who are out of work or unemployed or who are faced with the loss of their homes or their businesses. We believe that it is reasonable in these circumstances to ask Canadians who are employed to share with those who are unemployed, so that we all can get through this difficult situation in a spirit of equity and sharing. That is the principle underlying the budget.

**Some hon. Members:** Hear, hear!

## EFFECT ON PENSIONS

**Right Hon. Joe Clark (Leader of the Opposition):** Madam Speaker, the problem with the minister's answer is that some Canadians share more than others. Lower and middle-income Canadians are being asked by this government to share, in the minister's words, more of the burden than are the rich. That does not meet any standard of equity which the country can recognize. Let me come to a particular group of Canadians who are being asked, if I might use the minister's word, to yield certain of their benefits. Even taking account of the changes in the Guaranteed Income Supplement, the 1.2 million Canadians who are receiving the old age pension will have their benefits, that they could have counted on, reduced because of the minister's action last night.

**Some hon. Members:** That is not true.

**Mr. Clark:** That is to say, 1.2 million elderly Canadians will be affected. Liberal members opposite say that is not true; I suggest that they read the budget, before they say that.

**Some hon. Members:** Hear, hear!

**Mr. Clark:** Let me ask the Minister of Finance why the elderly are singled out to pay for this government's mistakes?

**Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance):** Madam Speaker, I first want to underline to the Leader of the Opposition that the purpose of the

whole strategy of the government is to bring down the economy—

**Mr. Clark:** To its knees.

**Mr. MacEachen:**—from a high level of inflation, at present very close to 12 per cent, to 6 per cent. If the Right Hon. Leader of the Opposition and others in the country join in this national campaign to reduce inflation to 6 per cent, the incomes of those persons about whom he speaks will suffer very little damage, or the damage will be minimized, so there is a basic incentive for all Canadians to move to the 6 per cent level, if their concern is about the impact of the cap either on the personal income tax side or upon old age security.

• (1420)

However, it is vitally important to underline that no recipient of the old age pension who is in need is affected by this particular provision. It is the attempt of the Right Hon. Leader of the Opposition to instil anxiety in the minds of our senior citizens. I want to give the absolute assurance that no pensioner in need will be affected in any way by these measures.

**Some hon. Members:** Hear, hear!

**Mr. Clark:** Madam Speaker, either the minister will amend his budget, or he is not telling the truth. The minister refuses to tell us why his tax proposals of last night spare the rich and hit low and middle-income Canadians, and why he is imposing special taxes upon 1.2 million elderly Canadians. He refuses to tell us why they are being singled out.

## TAXATION OF EMPLOYEE BENEFITS

**Right Hon. Joe Clark (Leader of the Opposition):** Madam Speaker, why is the minister continuing the tax upon Blue Cross contributions, upon dental care provisions, and upon other employee benefits?

**Mr. Nielsen:** Including northern benefits.

**Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance):** Madam Speaker, the Right Hon. Leader of the Opposition has again repeated that we are putting a special tax on the elderly. That is totally false.

**Mr. Clark:** Madam Speaker, once again we hear no answers from the Minister of Finance, who is taxing low-income Canadians, taxing middle-income Canadians, taxing the elderly, and sparing the rich.

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## UNEMPLOYMENT INSURANCE

## LEVEL OF PREMIUM RATE

**Right Hon. Joe Clark (Leader of the Opposition):** Madam Speaker, let me turn to the Minister of Employment and