

*Income Tax Act, 1986*

ment deficit. It is time the House got down to brass tacks and got rid of that deficit. We cannot get rid of it unless we are prepared to pay the cost, part of which is this clause which must remain in the Bill.

● (1600)

[*Translation*]

**The Acting Speaker (Mr. Charest):** Resuming debate. The Hon. Member for Ottawa-Vanier (Mr. Gauthier) has the floor.

**Mr. Jean-Robert Gauthier (Ottawa-Vanier):** Mr. Speaker, I am pleased to take part in this debate on motion no. 4 which was moved by my colleague the Hon. Member for Saint-Henri-Westmount (Mr. Johnston) for the purpose of amending bill C-84 by deleting Clause 65.

Mr. Speaker, the purpose of this clause is to abolish or change the indexing of the income tax tables, so that Canadian taxpayers would have to assume the first 3 per cent in inflation, and to fill the coffers of the state to the benefit of the Government.

It was rather amusing to hear the Hon. Member for Mississauga South (Mr. Blenkarn) blathering earlier that indexation should be abolished. I should simply like to read to him the statement published by his Party in an ad which was published in the newspapers and which read as follows:

[*English*]

"Inflation, the less your income, the harder you get hit". I continue to cite this great message from the Progressive Conservative Party of Canada. It says: "Deindexing is a scheme to guarantee that you will pay higher federal income taxes year after year". It says: "Deindexing would take away the protection you now have against inflation".

The Hon. Member for Mississauga South (Mr. Blenkarn) just said to abolish all indexing. I take it that he wants to abolish the indexing of family allowances, the income tax tables and senior citizens' income. He does not give a damn about the poor or the moderate income groups. He says that they should pay and assume the costs of the inflationary spirals for which they are not responsible.

Let me go on to read from this article because I believe it reveals the two-timing attitude in which some of the Members across the way speak from both sides of their mouth. It goes on to say: "While deindexing would impose the greatest economic hardships on people living on low incomes, it would mean higher and higher taxes for all Canadians living on any income, taxes that would increase as inflation continues to spiral upward". It says that the Progressive Conservative Party of Canada is providing, in their own words: "the opposition to a possible deindexing". It says: "Indexing was our idea in the first place and we are determined that you should continue to receive this fundamental protection against inflation".

This is another day and another year, and probably another Party. They have made a complete 180 degree turn and oppose

indexing and any projects or social programs which may have indexing clauses that allow people to maintain their purchasing power. Indeed, indexing of the income tax tables allows moderate income people and all Canadians not to get more, but not lose as a result of economic factors which are not of their making.

In past years we experienced 10 per cent, 11 per cent and sometimes higher inflation rates. God knows that if we did not have indexing of the income tax tables many more Canadians would have been asked to assume the most expensive cost of Governments. We protected those with low and moderate incomes against—

[*Translation*]

—the ravages of inflation.

Mr. Speaker, I know that the indexation issue disturbs our Conservative friends and distracts them from their national plan to have all Canadians pay, no matter what their income. To clearly demonstrate the consequences of deindexing income tax tables, I should like to quote from a study which was carried out by our research services and which explains the scope of deindexation: "To show clearly the impact which a reduced indexation of personnel exemptions would have, suffice it to say that if inflation remained at 3 per cent or more over the next few years and if no other change were made to the legislation, the \$7,700 granted in 1985 as personal exemptions to married taxpayers without dependent children would only represent, in terms of purchasing power, \$5,730 in 10 years and only \$4,225 in 20 years, which would mean a reduction of over 26 per cent and 45 per cent respectively."

Mr. Speaker, the study goes on to say that on the basis of the same assumptions, the taxable income currently subject to the highest tax rate, that is \$62,160, will only be \$45,838 ten years from now, and \$33,802 in 20 years.

Mr. Speaker, this shows quite clearly that once again, it is the middle class, the low-income people, who will be shouldering the burden, and not only the Government expenses, which, God knows, are subject to criticism. We were told earlier that the Government knew how to pay its debts. We saw what they could do in the case of banks, we saw what they could do with the one billion Canadian dollars they were forced to spend in order to reimburse the uninsured depositors of the Canadian Commercial Bank.

[*English*]

Following the Budget last year, an interesting document was leaked and given to us. The first and most expensive item in terms of budgetary measures was the modified indexing of the personal income tax tables. It states that the modified indexation of personal income tax tables for 1985-86 will bring \$80 million to the Government; in 1986-87 it will bring \$570 million and in 1990-91 it will bring \$4.36 billion in income to the Government which Canadians would otherwise have been able to spend as consumers in order to look after their needs.