

Government Orders

it? I do not think the question will be answered. There is not much point in my belabouring it.

It is a special provision in another way. To benefit the affluent, members of this party in office have made some special provisions. This clawback is not the only special thing they have done to the people as a whole who are getting old age pension and family allowance. They also have special treatment for other people in our community. I am speaking now of the affluent.

The progressive income tax rate, that is, the marginal rate for those in the highest income tax bracket, was reduced by the previous government in 1981. The highest marginal rate in 1981 was reduced from 43 per cent to 34 per cent. The Conservatives opposed it at the time no doubt.

In 1987, the Conservatives brought in legislation that reduced the rate from 34 per cent down to 29 per cent. The old age pension is being taken back from everybody, not just from the poor or middle-income people but also from the most affluent. We might say that they are being fair. They are taking it away from everybody. In fact, the clawback is phased in to help those in the lowest brackets for a while.

But the combination of the clawback and of the gifts to the most affluent by reducing the marginal rate on the highest incomes, leaves the top 1 per cent of taxpayers with an average of \$3,770 more in their pockets at the end of the year. They do not mind the clawback because they are still almost \$4,000 ahead. That is the kind of special treatment that is provided in the budget, not solely in this legislation. The net effect of other budget provisions and this clawback proposal is to leave the people at the very top of the heap better off than they were when the Conservatives were first elected. At the same time, the working poor and the middle-income people will be worse off.

It is not fair to load 80 per cent of the population with the cost of lowering the marginal rates for those with \$100,000 or more net income. It just is not fair. It is typically Tory, but it is not fair.

Why should there be special and preferential treatment for the income of the affluent in the realm of capital gains, something which was mentioned by my colleague earlier? On capital gains up to \$100,000 accumulative there is no tax at all. That is not for the poor. That is not for the working poor. That is not for the middle-income people.

Let me talk about the tax exemptions for residences. It is one thing to say that a \$100,000 residence is tax free, but it also applies to a \$1 million residence. So even that is not applied fairly, not progressively.

Why is there special treatment for investment income? Again, there is special treatment, not the special kind of treatment that helps the lowest income people, but special preferential treatment on those affluent who are receiving investment income. They get special rates of tax that are lower on the average than on income that workers earn by the sweat of their brow.

There are special rates for corporations. Why is there a large corporation tax also included in this budget which taxes some 3,200 corporations which were not previously paying corporation tax on their income, but which still lets some 60,000 large profitable corporations escape from paying any income tax at all? If they are catching 3,200 and letting 60,000 go when they could have brought in legislation that would have caught all 64,000 of them, then the answer must be that they are looking after their friends. There does not seem to be any other choice.

I can appreciate the government's need for money. There have been cutbacks in expenditures that we have complained about and are still complaining about and no doubt will continue to complain about. There is the tremendous deficit that, this year, went up by some \$5 billion. While there are projections that it will come down in the future, the deficit for this year was supposed to have come down too, if we were to believe the estimates of the Minister of Finance. No one really believes that he knows what is going to happen two, three, four and five years down the road when he could not say what was going to happen tomorrow.

We know that the government needs money to reduce the deficit, to wipe it out and even to work on the accumulated debt. There are fair ways of getting that money. We have talked about such methods. I do not