

pets. All the various pharmaceutical products which Canadians may need will be taxed.

Is it the real purpose of this Government to separate the classes in this country? I have accused it of that. I think what was really intended in the Budget was to reinforce class distinction, to really ingrain poverty into Canada and to help the wealthy to accumulate even greater wealth. As a matter of fact, the Minister of Finance (Mr. Wilson) said in a speech in Montreal that the problem in Canada is that there are too few wealthy people. I would like him to consider the fact that there are actually too many poor people in this country and that the Government should really undertake a program of tax reform in order to make sure that as much as possible we eliminate that grave discrepancy.

I once said, Mr. Speaker, that there are three purposes of an Income Tax Act. First, it must be redistributive in nature. Second, it must be just and, third, it must be progressive. It seems to me that there is no redistributive nature in the proposal of Bill C-70. All the witnesses who came before the Standing Committee on Health, Welfare and Social Affairs testified that this was not an appropriate way to go. We should not cut the moneys which go directly to the wife and to the children. Yet the Government proceeds in its arrogance. I do not know if it is trying to prove it is decisive. Government gave notice that it will introduce the guillotine tomorrow. It is going to close off debate. I suppose Government is trying to prove how resolute it is.

I know the Minister of National Health and Welfare (Mr. Epp) has been a fair person in the past. I think he should really consider putting off this measure. I appeal to him to put off Bill C-70. I believe we should take a good long hard look at it, Mr. Speaker, and I make that recommendation to the Minister.

**Hon. Chas. L. Caccia (Davenport):** Mr. Speaker, it will not be easy to say something novel in this debate. On the other hand, it is also very difficult not to say anything because this measure is so upsetting and backward in terms of the evolution of the social policy in this country, it makes it impossible to remain silent.

I would like to answer a few questions about some things which have puzzled me. My first question is how is this money spent when it reaches the mothers of this nation? The money, Mr. Speaker, is usually spent very quickly and it is spent on purchases at the corner grocery store and the department store for the necessities of the child. If we multiply this family allowance by the numbers of people who spend it—and I am told that it is spent very quickly—we can see that this as a total sum could be an economic force of considerable impact on our economy. Therefore, it helps the family, the retail stores and it helps trade and commerce.

● (1720)

To look at this only as an expenditure of the state is a very narrow outlook. It is actually a good stimulant of the economy. It puts money where it is needed and it helps the growth of our

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economy. It puts money where the need is immediate and at the level of our retail system where sales can make the difference, particularly at the small business level.

The second question is how will the deficit be reduced by this proposed deindexation? That is the main hobbyhorse of the Minister of National Health and Welfare (Mr. Epp) in his explanation. If you compare the sum of money, which the present Conservative Government will not distribute once the deindexation takes place next year, it is a fraction of the deficit, at best a fraction of 1 per cent. It is a figure that will not make an indent in the deficit, nor will it have any impact to speak of. To use the deindexation issue as one that is going to help the economy by reducing the deficit is a very serious way of misleading Canadians into believing that it will. It is an illusion, and the Progressive Conservative Party better wake up to this reality.

The third thought that comes to mind in analyzing the consequences of this Bill is what does it do to our social security system. This Bill is being presented by way of smoke and mirrors, which I regret to say, is pseudo-justice. The appearance of the increase in the child tax credit at first sight leads one to conclude that we are making progress. When you look at the cumulative combined effect of the three measures which have been so well elaborated and analyzed by previous speakers, you can see this is a backward social measure. It is not worthy of the fine progress made over the last few decades in developing a solid and strong social security system for our families.

I believe that universality is the more cost effective method. It is the fairer method and it is also the one that administratively can be better carried out. Everybody receives whatever the sum is but you make sure that the income tax system takes back from those who have more for the benefit of those who have less. It has worked and served us well until now. We should make sure that it will continue to serve us.

This Government will have some difficulties when it administers this program when certain families move above or below the threshold. People will have to apply for consideration and some people will be disqualified. There will have to be a continuous administration of the system, which is costly. A means test will be required. That seems to be the guiding philosophy and criteria of the so-called Progressive Conservative Party. What there is progressive, I fail to see.

I submit that the nation is in trouble when the Minister of National Health and Welfare begins to talk like the Minister of Finance (Mr. Wilson). The Minister of National Health and Welfare is the Minister of the poor and the Minister of the Canadian people who have so far benefited from the measures for their welfare. When he begins, as he has done in recent months, to echo the tune of the Minister of Finance, I submit he is abandoning his mandate. He is somehow representing the interests of the Minister of Finance, the interests of those who want to reduce the deficit, but he is not fighting in the interests of all of us who are concerned about the future of our social security system. More than that, he is not fighting for those