

Income Tax Act

increase, where businesses that have been in place for a generation or two are undergoing bankruptcy or receivership proceedings or are simply having to close their doors. I give the Minister credit for his unbelievable ability to stand before the House of Commons and, with a straight face, say that the recovery is underway. I give him full credit for his expertise and talent.

I listened with some interest when the Minister of Finance said that the taxpayers of Canada will be very happy with the new tax changes. Bill C-2 has been introduced today by the Minister of Finance, who I suppose would have to be called the father of this Bill because it was only nine months ago that Bill C-139, the last set of changes to the Income Tax Act, was passed. Nine months later, after an early conception in the days following the passage of that particular Bill, we are now faced with Bill C-2, another 200 pages containing new taxes for the people of Canada.

The Minister of Finance has said that the taxpayers of Canada will be advantaged by and pleased with these progressive changes. I think he should have said that a bit more carefully, Mr. Speaker. There will be some people who will be in ecstasy as a result of these changes. Those are the loophole gymnasts, the people who take advantage of the loopholes provided by the Minister of Finance and his predecessors which enable thousands of Canadians who make in excess of \$50,000 a year to pay not a single penny in income tax. As a matter of fact, just a few days ago, I believe, someone in the Finance Department had mentioned that last year there were nearly 200 people who happened to have incomes, derived mainly from investments, which were in excess of a quarter of a million dollars and who, because of their ability to use the loopholes in the tax system, did not pay a single penny in federal income tax.

We are seeing before us today a whole new set of loopholes which will unquestionably benefit some Canadians. Those loopholes will benefit those people who invest in the country and will benefit the upper income earners. There is no question about that. Of course, the Minister is proud of that fact because of his commitment to the trickle-down theory of economics. It reminds me of a farmer feeding a great deal of oats to a horse. That horse will benefit and eventually, after a period of time, some of those grains of oats will actually pass through the system and trickle down. That is the kind of trickle-down theory that we are seeing at its best here today. By providing tax loopholes and investment incentives to a handful of upper income Canadians, eventually all of the folks will benefit. That is one theory, Mr. Speaker. We are seeing the famous trickle-down theory introduced here today once again.

The Minister said that these must obviously be good proposals because all of the investors and all of the upper income earners who have been consulted agree with them. Of course those people agree with the proposals. I suspect that if he went to average Canadians on the streets of Ottawa, Calgary or St. John's and asked those people if they would care for a tax cut this year, a lot of them would agree. A lot of them would say,

that they would like to have a tax cut and would like to pay less income tax this year. That the Minister of Finance has said that these must be excellent proposals because those who will benefit from them approve of them is a bit like asking a fox to put a new latch on the chicken coop door and then saying that the latch must be a good one because the fox recommended it.

It is that kind of perverted logic and perverted tax reform that is turning the people of the country off. People who listen to these debates and hear about what these taxes will actually do become more cynical than they have ever been before about this particular Government.

The Minister of Finance carefully omitted from his comments a number of tax changes. Yes, we will be seeing tax changes, but the manner in which they will benefit Canadians is rather mystical to me. The Minister of Finance said that we will increase the federal sales tax. That means that every Canadian will be paying more taxes in the years to come. Believe me, Mr. Speaker, that is not welcome news. The fact that we are using this opportunity to remove even more money from the average Canadian's pocketbook and that the disposable income of Canadians will be further eroded as a result of an increase in federal taxes is not welcome news. That increase will amount to \$300 million in 1984 which means that \$300 million will be taken out of the communities in Canada where that money would be circulated many, many times during the year and placed in the hands of the Minister of Finance. The increase will amount to \$900 million in 1985 and \$1 billion in 1986. That is the kind of tax change that the Minister of Finance so conveniently forgot to mention while he was speaking about what is included in Bill C-2.

As well, the Minister of Finance did not mention in any detail a couple of other proposals. He did not indicate to Canadians that the Canadian ownership special charge, a levy of four and a half cents on every gallon of gasoline used in the country, would continue for some time. I want to remind the Minister of Finance that the Canadian ownership special charge was levied a few years ago to enable the Government to buy Petrofina. This was in the best interests of Canadians over the long term. I believe that most Canadians who understood the benefits of having greater control over such a strategic resource as oil energy were quite prepared to pay four and a half cents per gallon extra. The transaction was completed but now the Government says it is going to continue the levy because it might be able to use the money for a variety of other things. It will collect four and a half cents per gallon from every single Canadian who drives a vehicle because someone has to pay for all the tax dodges and loopholes that are being created. If upper income earners do not pay income tax, we know who does. It is the average Canadian who pays more income tax, more excise tax and more federal sales tax as well as the extra four and a half cents on a gallon of gasoline. That is why the charge is being continued. It is not because we need more money for the health system or the social security system but because someone has to bear the cost of the hundreds of billions of dollars in newly created tax loopholes.