attention to where you are spending money but also to where you are collecting it.

• (1610)

The shift from the corporate sector, the share that the wealthy in this country pay, to the individual taxpayers is very clearly laid out in the following figures. In 1950 the proportion of taxes paid by the corporate and individual sectors were roughly equal. By 1988, individual Canadian's proportion had risen from 35 per cent of revenue to 47 per cent. Corporate tax revenue has gone down to 12 per cent from 40 per cent in 1950. In 1988 terms, if the corporate sector contribution matched that of Canadian families, we would have a surplus of $18.5 billion instead of a $30 billion deficit. That would certainly cast a much different fiscal and monetary light on the situation that we are in today. We would be able to afford the programs for farmers, women, children, fishermen and regional development which the government argues it is not possible to fund.

As well as raising income tax, this government has raised sales and excise tax revenue from $14.1 billion in 1984-85 to $28.8 billion in 1989-90. That is before the GST, which will only compound the problem. With the theory that you need high interest rates to fight inflation and with the government admitting that the GST is going to cause even more inflation, we are going to get into another vicious circle of more inflation from the GST, causing higher interest rates. It is no wonder that not only economic forecasters but individual Canadians are seeing the economy of this country in ever more gloomy terms.

A second point needs to be made about the GST in the context of the fiscal and monetary policy of the government. It has a very insidious effect on the general thrust of government policy. This is due to the role of government traditionally being seen as having something of a redistributive responsibility to make sure its fiscal and economic policies raised the income of all Canadians. The idea was to have a wider tax pool to draw from so that more people had more income in order that the government could raise more revenue. That is only an effective kind of fiscal and monetary policy if in fact taxes are based on net incomes.

With taxes based on consumption, that kind of economic theory no longer applies because all the government needs to do is tighten the screws further on individual taxpayers with very little regard for their ability to pay. The balance that an individual has left to spend as disposable income, with what the government draws in taxes, is very little. Therefore, there will be very little difference with what the government collects under a consumption tax like the GST.

We see the hypocrisy that Canadians are confronted with when they are being lectured that they are not supposed to try and catch up with the inflationary effects of government policies such as the GST and high interest rates. There is the looming threat of wage and price controls and other kinds of Draconian mechanisms. At the same time we see the Governor of the Bank of Canada, the architect of this policy, raising his own wages and those of his senior officials by 35 per cent. We see executives having their salaries raised by 18 per cent and this government taking no countermeasures. This is not on salaries that ordinary Canadians receive, but salaries in the $250,000 to $400,000 a year range.

I would like to speak in more detail about the effect of high interest rates and some of the commentary around this high interest rate policy. In appearing before Commons committees, the Governor of the Bank of Canada has said that the high interest rate policies are not working. Yet he maintains that. We have heard western premiers say that the high interest rate policies are a disaster for that whole region of the country, yet we see the policy maintained.

A year ago when interest rates were much lower we saw the finance committee of the House of Commons, with representatives of all parties, table a report stating that high interest rate policies were leading us to economic disaster and a possible recession.

We have seen an interest rate policy which now has us with interest rates 5 per cent higher than rates in the United States, as opposed to the historic 2 per cent. What does this mean? It means that any perceived or potential benefit from the free trade agreement in terms of reduced tariffs has been more than wiped out by the high Canadian dollar.

We have an interest rate policy that is crippling our exports. Through its direct effects it is crippling anything positive there might have been from the free trade agreement. In fact this entire high interest rate and high dollar policy is contradicting everything this government