

outgrew children's sizes at a very young age. I think the minister would have been more progressive had he taken the sales tax off all clothing and footwear in this country, not just for children but for senior citizens, old age pensioners and others. Had he done that, this would be a more equitable tax system, and the additional revenues needed because of the removal of this sales tax could easily be made up through a more progressive income tax system, by plugging some of the loopholes and by taxing the extracting industries and resource companies at the higher rate which they should be paying.

• (1250)

[Translation]

Mr. Réal Caouette (Témiscamingue): Mr. Speaker, Bill C-194 which aims at removing the tax on certain items is an innovation, I believe, in Parliament. We are in the habit of always increasing taxes rather than reducing them.

This bill provides for a tax reduction on certain items. However, there is a clause of the bill which increases from 9 to 12 per cent the tax on old age security pension. At the same time, taxes are being reduced on cosmetics, candies, soft drinks and at a time when the minister wants to explain the logic of this tax reduction, we can read in this morning's papers that the price of milk will increase again next month. We shall pay less for soft drinks and a little more for milk, which is an invitation to drink Coke rather than milk.

Mr. Speaker, the hon. member who preceded me has said something quite logical, that the sales tax on children's clothing should be totally abolished. Instead of introducing a series of bills, such as Bills C-192, C-193 and C-194—the latter's purpose being to reduce the sales tax on certain items—the minister should have set about adjusting direct taxation and working to suppress indirect taxation. It is all very well to say: we won't pay taxes to clothe our children, but some families have incomes below the poverty line and they have to go on paying taxes on the clothes they need.

It therefore seems to me that direct taxation would be more logical than this type of indirect taxation. In fact, the bill provides that children will be tax-exempt, but that parents, whether rich or poor, will have to pay. In my view, everyone should be on an equal footing.

One very important point—and I congratulate the minister for having thought of it—is the abolition of the sales tax on purchases by municipalities. The latter will be reimbursed for the taxes paid on materials which they need. For years we have been asking that municipalities be given such favourable treatment, for until now they have been forced to pay like everyone else. The result was that the taxpayer paid higher municipal taxes because the municipalities were paying taxes to the federal government. I hope that this clause will prompt municipalities to take into consideration tax exemptions on building materials they need, and God knows that they need building materials to proceed with the works to be done.

Mr. Speaker, despite a few shortcomings Bill C-194 represents yet a substantial improvement over what existed to date. Later we will discuss the bill clause by clause and I do not think that anybody in this House would

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object to certain classes of Canadians paying lower taxes and sales tax in several areas.

However, I still maintain that the indirect tax is a sneaky levy that everybody has to pay, whether rich or poor, when we could have had a direct tax adjustment so that those who earn less would pay less and those who earn more would pay more and the whole population could benefit from it as well.

The whole population does not benefit from indirect taxes in the same way. The rich have no difficulty; it is the poor, and there are a lot of them in Canada, who suffer. A well off family with eight or ten children will no longer pay any sales tax on clothing while another family with an annual income of perhaps less than \$5,000 and with five, six, or eight children as well will have to pay the usual tax and will be exempted in the same way as the family earning \$25,000 or \$30,000 a year.

Mr. Speaker, I think that the Minister of Finance (Mr. Turner) should have introduced a legislation affecting the entire Canadian population and taking into consideration the position of every family in Canada within the limits of their family operation. In any case, the bill is yet an improvement, and as to its shortcomings I hope that one day they will be eliminated or corrected so as to improve the well-being of the Canadian population and Canadian families, all Canadian municipalities and provinces.

[English]

Mr. Reg Stackhouse (Scarborough East): Mr. Speaker, I would like to support the remarks of the hon. member for Edmonton West (Mr. Lambert) in seeking a general reduction in the sales tax added to many commodities purchased by Canadian consumers. I refer in particular to the way in which the sales tax has remained on items of jewellery, many of which cannot really be considered luxuries. Unless I am misinformed, wedding rings still have a special tax imposed upon them. It would seem to me that if a reform were made in this respect, it certainly would not be a disaster to the Canadian economy and it would be a great help to the individuals involved. It might even be considered a noble gesture toward an institution that can do a certain amount of support these days.

I hope that the minister will consider the way in which, to a large degree, an unnecessary tax is maintained upon many products of an industry that is bearing more than its share of the tax burden of the country. We know that through confiscatory income tax policies, the government is now generating far more income than it can sometimes find ways to spend it. Certainly it should be easing the situation of consumers.

As well, I should like to make a very brief plea to the minister to reconsider the laudable reform that the bill is making in permitting some tax relief to industries that employ handicapped persons provided the industry is operated by a certified institution. I suggest to the minister that consideration be given to people who are self-employed because they are handicapped, and who cannot work for large corporations but are doing their best to be self-supporting. They need this kind of assistance. They are as much in need as any institution, whether it is high-priced bureaucracy or an organized association.