

Excise Tax Act

federal sales tax is an extremely regressive tax. Everyone must pay the federal sales tax regardless of their income or economic status.

That is just not the kind of taxation that these times require. Taking \$3.1 billion of purchasing power out of circulation will certainly not help the Canadian economy. Basically the new Government is taking the wind out of any economic recovery sail with this measure. People in the construction industry are struggling and we are going to be paying more tax on construction materials. As I look at my friends across the way in the Conservative Party—

Mr. Turner (Ottawa-Carleton): Don't forget us on both ends.

Mr. Riis: I ask my colleagues to the left and right to explain how increasing the tax on construction material will assist economic recovery. I ask them to explain how increasing the federal sales tax and taking money out of consumers' pockets is going to assist the recovery, an obviously very fragile recovery.

Mr. Turner (Ottawa-Carleton): It is going to lower interest rates.

Mr. Riis: My friend says it is going to lower interest rates. That is an argument I am looking forward to hearing during this debate.

To close my remarks, Mr. Speaker, I want to say that the \$3.1 billion this tax will raise could easily be raised by ending many of the unproductive tax expenditures to the corporate sector. All we have to do is turn to the twenty-third annual report of the Economic Council of Canada where they say all sorts of revenue can be derived from simply taxing the corporate sector in a more sensible way. I think it is time we paid some attention to that. Rather than go out and raise regressive sales taxes, rather than raise taxes on domestic airline companies or small cable television firms, if you like, why not change the corporate tax structure which every single tax adviser has alerted us to? If we want \$3.1 billion we can get it from a progressive corporate tax system, not raise it on the backs of Canada's poor, which is what a regressive federal sales tax essentially does.

Mr. Deputy Speaker: Questions and comments.

Mr. Blenkarn: Mr. Speaker, I think the House will agree that any tax is a bit regressive, but the Hon. Member for Kamloops-Shuswap (Mr. Riis) is telling us how disastrous borrowing is. I suppose he would now prefer that we not pass this Bill but increase our borrowing.

I was wondering why he would criticize this Bill particularly when it fulfils one of the promises of this Party to relieve farmers, fishermen, loggers, trappers, miners and others of the burden of high fuel costs in developing the resources of this country. I would have thought that he would congratulate the Government on fulfilling that promise.

He also speaks of the federal sales tax as being regressive. Perhaps it is, but all taxes are regressive and he will know from his commercial experience—maybe he does not have that commercial experience—that when companies were organizing the pricing of goods for this fall they calculated the federal sales tax in their prices. So when we came to analyse the effect of that tax Bill we found we would not reduce prices one bit by not passing it. The tax was already built into the pricing system. Those who manufacture and sell wholesale and retail have already built that tax in.

● (1130)

Has the Member thought about that position? Could we have the support of the New Democratic Party instead of continual harping opposition for no earthly purpose at all?

Mr. Riis: Mr. Speaker, he is a very mean-spirited individual today. I must admit that I did not catch all of the nuances of the Hon. Member's question. I did hear him say that he agreed that the federal sales tax was regressive. I am curious why an Hon. Member with such concern as he says he has for economic recovery would support a tax that he himself admits is regressive. He himself admits it is going to punish the low income earners of Canada the most. It will punish the poor people of Canada. Why a Progressive Conservative Government would introduce such a tax is beyond me.

However, as I indicated in my earlier comments, we were pleased that the Bill included diesel fuel rebates. I do not think I can recall a single week in the last two years when there has not been a representative of the New Democratic Party arguing on behalf of the loggers, miners, fishermen and farmers of Canada for the need to introduce these steps at this critical time. At that time the Liberal Government indicated that it would look into it and was considering it. I think the Government now recognizes that farm bankruptcies are continuing. Due to the financial situation of the agricultural, mining, fishing and forestry industries across the country, the new Government simply had no alternative other than to bring in this measure. I am certain, however, that they did not do it with enthusiasm, being so concerned about the deficit.

All of these measures, many of them extremely regressive, will raise \$3.1 billion essentially from the consumers of Canada over a four-year period. I do not know why the new Government did not simply follow the advice of every progressive financial firm with regard to introducing a fair corporate tax system. In its most recent report the Economic Council of Canada made the point that enormous growth in these corporate tax concessions during the 1970s alone have had a questionable impact. It is estimated that the Government will be spending in the neighbourhood of \$18 billion in outright grants and tax breaks to the corporate sector this year. These regressive taxes will raise \$3.1 billion over four years. As the Chairman of the Bank of Montreal said not long ago, the corporate sector of Canada is awash in tax concessions. He was trying to tell the Government to stop this nonsense but, of course, he could not say that to his political colleagues in the Conservative Party.