

Excise Tax Act

modest changes in the taxation of construction materials. The size of the deficit is such that we must establish priorities and can no longer target the Government's limited resources to provide preferential treatment to certain products.

I urge the House to endorse this Bill at second reading and move it on to committee for detailed examination.

Mr. Deputy Speaker: Questions or comments? Resuming debate.

Mr. Mike Cassidy (Ottawa Centre): Mr. Speaker, it is a pleasure to participate in this debate on Bill C-80, although it is not a pleasure to have to consider it in view of the regressive nature of the taxation within it, and in view of the fact that many of the measures in Bill C-80 are precisely the kinds of measures to which the Progressive Conservatives were opposed when they were in opposition just over a year and a half ago. I can recall that before the 1984 election, the Progressive Conservative Party opposed a sales tax increase, but after it took power it implemented the same increase to which it was opposed. The Government has now compounded that turn-around by imposing a further increase in the sales tax, a 1 per cent increase, which will amount to a total cost to the Canadian consumer of just under \$1 billion in 1986-87.

I believe everyone should know just who is getting hit in this particular regard and where the costs are particularly the greatest.

[Translation]

The costs of this sales tax increase are incurred mainly by small and moderate income people. The most affluent in our society are the least affected by the sales tax increase, and it can be said that this is typical in my view after one year in power of the Progressive Conservative Government, that the most affluent should profit from this Government, and small and middle-income people will have to pay.

Mr. Speaker, I will remind the taxpayers that the \$1 billion to be paid by them following the 1 per cent sales tax increase effective January 1st, 1986, is almost equal to what will be paid by this Government to people who had deposits of over \$60,000 with the Canadian Commercial Bank and the Northland Bank, the two Western banks that went belly-up recently.

Mr. Speaker, those large depositors were uninsured, they had made those deposits having in mind interest rates higher than those available at the larger, respectable chartered banks or trust companies in this country. Interest rates at those two banks were higher than those at chartered banks. Although the Canadian Commercial Bank and the Northland Bank made high-risk loans, although those large depositors made deposits for business reasons, to earn slightly larger interests, although they had uninsured deposits, without the Canadian Government's guarantee, they will be getting in 1985-86 the exact amount of money that will be paid under the 1 per cent sales tax increase that is being put forth by this Government.

Now, in his May Budget, the Minister of Finance (Mr. Wilson) said it was essential to increase the sales tax. Why? To help him cover the budget deficit. Now everyone is concerned about the budget deficit. But, in fact, instead of using the funds to cover the deficit, instead of using the funds collected by way of the sales tax to create jobs or to help people in need, the Government is extorting the money from the small taxpayers, who will be paying for the tax increase, and giving it to large corporations, large depositors. And, in addition, there are \$200 million or so that will be paid to foreign banks. Mr. Speaker, this is something I cannot understand.

Also, in view of the fact that the sales tax is regressive, its burden falls on low-income people. If your income is \$15,000 a year, the sales tax increase proposed in Bill C-80 will cost you \$140 a year. If your income is \$20,000 a year, the cost will be \$282 per year. If your income is \$40,000, your tax increase will be \$361 a year. This means that, instead of a progressive tax that would get heavier the more your income increased, we have a situation where the tax burden becomes lighter the more your income increases.

Mr. Speaker, it must also be noted that throughout the budget, and not only under the provisions of Bill C-80, the same sort of equity pervades everything. Individuals will pay tax increases under the budget to the tune of about \$1 billion.

Families earning less than \$40,000 will pay \$490 million in tax increase because of the repeal of the federal tax reduction.

People with cars will pay \$930 million in extra fuel tax. Today, Mr. Speaker, I went to a service station and I paid \$35 to fill up my tank. Being a Member of Parliament, I can afford it. But for many people their automobile is an essential means of transportation. They need it to earn their living, to commute, and now they will be paying more. Why? As I said, they will be paying more to allow the Government to give money to big corporations, to the most affluent in our society.

The Hon. Member for Bonavista-Trinity-Conception (Mr. Johnson), who just contributed to the debate, said that even though he did not agree with the provisions of Bill C-80, he accepted them because they were needed so that something could be done to find the required revenues. What he failed to see is the fact, for instance, that the benefits arising out of the budget will flow mainly to individuals and corporations that are the most well off, like big oil corporations which will be saving \$900 million following the removal of the oil and natural gas revenue tax. A \$900 million gift to big oil corporations.

Mr. Speaker, people with fair income and owning RRSP will be earning thousands of dollars by way of tax concessions for fiscal year 1986, while low income people will pay for a sales tax increase.

According to our assessment, corporate income tax will in effect be reduced by \$500 million. And, Mr. Speaker, what is