

advertised at that price. It is probably one of the most expensive places that they ever visited. They equate the range of prices for all of those other tourist products, including hospitality, meals, transportation and excursions by gearing them to the price of alcohol. There is a spill-over effect, if you like, and a negative perception permeates the way in which other tourism products are perceived. This is undoubtedly a contributory factor to the declining share that Canada commands in world tourism receipts.

● (1200)

I think the kindest and perhaps most sensible comment I could make on the increase of 25 cents for a package of 25 cigarettes is that it is an adequate increase. Of course, I was warned by my colleagues, as a known avid anti-smoker, that taxation is not necessarily the best way of stamping out that very expensive and dangerous habit. I will restrain myself by saying that I am glad to see that there was at least some raise imposed in that particular area.

Finally, let me set the excise tax increases within the context of Canada's over-all taxation system. It is in the over-all context that one should judge how Canadians would perceive these tax increases. The point has already been made many times but does not seem to have been fully absorbed by the Government that sales taxes are a regressive form of taxation. These taxes take a larger proportion of the income of low-income consumers. I am reminded of complaints against monopolies in Great Britain during the reign of King James I of England—the sixth of Scotland. It is somewhat similar about the complaint that was voiced about monopolies: "They sleep in our beds, they sup in our cups". Indeed, that is the effect of these sales taxes and it has a far greater relative impact on the poorer person than on those who are more comfortable or wealthy.

Let us look at the excise and sales tax increases within the framework of the rapidly declining contribution to Canada's tax revenues that is made by the corporate income tax. Let us look at the progress—I use that word with my tongue well in my cheek because it is indeed a regress—in the percentage of taxation collected from the corporate income tax over the last few years. In the 1950s, the corporations were paying approximately half of the income tax in Canada. In 1960, they brought it down to 42 per cent; down to 36 per cent in 1970 and by 1980, down to 30 per cent. Indications are that the corporate share of income tax in Canada will fall to the 20 per cent range, given the incentives, breaks, loopholes and boondoggles, frankly, that have become available to corporations in Canada.

The 1984 annual review of the Economic Council of Canada pointed out that the forgone tax revenue on corporate tax and expenditures was approximately \$30 billion to \$50 billion a year. This is at a time when taxes on individuals are predicted to go up by over a billion dollars in 1986, a year in which it is expected that the corporate tax share will drop by \$500 million.

Excise Tax Act

During this debate we have heard much from the Government side about the Government's record on interest rates and job creation. While I will not condemn the Government record outright, I merely want to suggest that the reason there are so many speeches being made in the House praising the Government on job creation and interest rates is that there are so very few economic journalists and economists in the country who really believe that the definite improvements that have taken place are a result of the Government's action in this field.

I want to commend the Hon. Member for Mississauga South (Mr. Blenkarn). While I depart from him on most points of ideology, he is known and respected as one of the best technicians in terms of the budgetary process. Using the time he took to explain potential improvements was very worthwhile for the record in this debate. Over-all, however, C-80 is a game of winners and losers. We know who are the winners, and we know that the losers are the ordinary people of this country.

Mr. Blenkarn: Mr. Speaker, the Hon. Member will know that the tax on alcohol spirits was to have risen by 4 per cent on September 1 in accordance with the cost-of-living arrangements and the current taxing system that is in effect. He will also know that this was abandoned and replaced by a 2 per cent increase.

I must agree with him that the price of alcoholic beverages in Canada is a serious detriment to our tourist industry but he should point out to the House that the Government recognized this to some extent and allowed that tax to rise only by half of what was proposed. I think it is important for people to understand that.

Mr. Parry: Mr. Speaker, I certainly have no problem acknowledging that fact. I thank the Hon. Member for putting that on the record because I believe it is worth-while.

In the over-all context of taxation policy, it is a good principle to untie the major commodity taxes from a simple inflation adjustment because I believe that tax rates on such prime taxable items as alcohol, tobacco and gasoline should be reviewed every year as a matter of taxation policy and part of the budgeting process. I am sure that the Hon. Member for Mississauga South would endorse that point of view.

The Hon. Member is correct that the rate increase is half of what would otherwise have taken effect. I believe that the gasoline tax increases should have been handled as sensitively because that is also a substantial component in the mix of tourism expenditures in Canada. This is of particular concern to tourist operators in my riding because of the unusually long distances people must travel to get to their area. Since a large proportion of the route travelled to get to their area is in Canada, they have considerable concern about the impact of those gasoline tax increases on the tourism industry in Canada generally.

Mr. Blenkarn: I appreciate the Hon. Member's understanding of the Government's policy with respect to the liquor tax.