

Excise Tax Act

appointed Minister of Finance, he did exactly the opposite of what he had been preaching when he was in opposition.

Also, Mr. Speaker, on November 29, 1984, a couple of months after the Prime Minister came into office, he told the newspaper *Le Devoir*, and I quote:

"Canadians pay an awful lot of money for government services."

We pay more than enough. If the Prime Minister believed Canadians were paying too much for services, Mr. Speaker, how come he let his Minister of Finance put up taxes by about \$22 billion since November 29, 1984?

Of course, revenues from indirect sales and excise taxes have also expanded much more rapidly than those from direct taxes since the Conservative Government was elected. The revenues from sales and excise taxes jumped 77 per cent between 1984-85 and 1988-89, while personal income taxes grew by 55 per cent and corporate taxes by 28 per cent.

Personal tax increase should be noted. All income, sales and excise tax hikes considered, corporations have been subjected to the greatest rises, Mr. Speaker.

But let me get back briefly to the tax reform. In that tax reform, Mr. Speaker, the Minister of Finance reduced the general corporate tax rate while maintaining the special low tax rate for large manufacturing companies. But in reducing the general tax rate for small businesses, he did not maintain the low rate for small manufacturers.

In 1987, these small manufacturing companies paid 10 per cent federal taxes. Now, with tax reform, they have to pay 12 per cent. That is the social justice, the tax justice that this Government promised Canadians in 1984. Today, the small business sector which creates most of our jobs, that dynamic and constantly advancing sector is disappointed not only because the tax reform did not bring to our system the simplicity we had hoped for, but also because this vital job-creating sector is facing a 2 per cent tax increase. That is how the Conservative Government supports Canadians who want to start a business, Mr. Speaker!

I should mention here, Mr. Speaker, that when we speak about a 77 per cent increase in excise tax, we are referring to the fact that in 1984-85, the Government collected \$13.7 billion in sales and excise taxes and in 1988-89, it will collect \$24.3 billion, which represents \$10.6 billion or 77 per cent more in revenues.

However, we know, Mr. Speaker, that indirect taxation is regressive because the middle-income taxpayers spend the largest part of their income on consumer goods. Of course, the Government became aware of that fact and in 1986, after a major increase in tax, it felt a little guilt, and decided to create a refundable sales tax credit.

However, those funds are still clearly inadequate, Mr. Speaker. They are now amounting to \$70 per adult and \$35 per child, and the revenue threshold triggering a decrease in

them, that is \$16,000, is far from the poverty level. Therefore, Mr. Speaker, after all those incredible and unacceptable increases, how can we tell Canadians: "We will offer you some relief". And we offer them a scanty amount of \$70 per adult and \$35 per child, provided though that the family income is less than \$16,000. That is unacceptable!

Finally, let me remind you, Mr. Speaker, that the indirect taxes are hidden since they are included in the price of goods and the consumer is not aware of them when he buys goods. Politically speaking, those taxes are easier to increase. I have outlined those increases when I pointed out that the Government made ample use of those hidden taxes, as with what they call creative accounting, since it brought forward two new measures providing for the accelerated remittance of the sales tax and the speedy recovery, in one single move, of more than three billion dollars of personal and corporate income taxes, Mr. Speaker . . .

So, technical changes to the sales tax became necessary because the Government did not want to engage in a one-stage tax reform. It could have avoided those technical and complex changes had it had the courage to proceed with the sales tax changes and with the personal and corporate income tax reform at the same time.

Mr. Speaker, I had the opportunity to attend a few meetings of the Standing Committee on Finance and Economic Affairs. All the groups appearing before it stated one after the other that the Government should have brought out an overall reform rather than proceeding through stages. This has considerably reduced the impact of the exercise. With the first stage of its reform, the Government agreed to give some goodies, but we are well aware that if it wins the next election, it will implement its second stage.

An Hon. Member: And we are going to win.

Mr. Gagliano: The Tory Member has just said that the Government is going to win. Of course, this remains to be seen. But if Canadians should decide to rely again on the Government, I am sure they will regret it after the election, because we know what this second stage of its famous tax reform has in store for us.

Mr. Speaker, you are signaling that my time is over. I should like to add that the Government, over the past three and a half years, has introduced no policy of direct assistance to small and medium size businesses. Where are the financing programs? Where are the export assistance programs for small businesses? Where are the tax assistance programs, Mr. Speaker? They have increased. The only area with a tax increase in the tax reform is that of the small business which must pay 10 per cent in 1987 and 12 per cent in 1988. This is unacceptable, and Canadians are going to pass judgment on this Government as soon as the Prime Minister has the courage to call an election.