

Excise Tax Act

an increase in inflation is becoming widespread in the country. Compared with the way they felt a year or two years ago, Canadians believe that inflation is on the increase. In the coverage and discussion of that issue in the media, I noted that a considerable number of experts took the view that the current round of inflation was being led by the tax increases introduced by the federal Government.

This particular tax increase which the Official Opposition opposes is that kind of increase. Unlike the income tax which taxpayers face being taken out of their income or perhaps out of borrowings which they have made to pay their taxes, this tax is extracted every day as individual Canadians shop for the necessities of life, for construction goods, and for alcoholic beverages and tobacco.

I should like to say a word or two about the particularity of increasing taxes on alcohol and tobacco. Over the years in Liberal, I admit, as well as in Conservative Governments alcohol and tobacco have been looked upon as products which were almost infinitely susceptible to bearing taxes. In fact, there is probably a connection between increasing taxes and marginally reducing consumption. One could say, at least in connection with tobacco, that by increasing taxes on tobacco, the Government can argue that it is doing Canadians a favour because it is helping to make it easier for them to stop smoking.

There is another side to the story, and I say this as a non-smoker and as one who is committed to trying to reduce the amount of smoking in Canadian society. A suspicion has arisen on the part of Canadians that the Government has too much of a vested interest in tobacco because of the taxes it derives to take any serious action to deal with the problem of smoking and to try to reduce smoking.

[Translation]

Mr. Speaker, I may recall the figures given by the Government when the Budget was brought down, when it recognized that the increase proposed in the Budget, and in that Budget alone, would provide the Government with additional revenue worth \$125 million for the current year, rising to \$150 million by 1990.

Mr. Speaker, these are very substantial amounts, especially when compared with the Government's recent announcement that it would spend \$1 million during the current year on a campaign to reduce the consumption of tobacco in this country.

[English]

One million dollars has been provided by the Government for a campaign to deter smoking, and the additional revenue from the increase in taxes on smoking is in the order of something like \$125 million for the current year. People see these figures and they must ask themselves whether the Government wants to see smoking continue in order to derive additional revenue or whether it wants to deter smoking. I would want to seek an undertaking from the Government that the effort to inform Canadians about the dangers of smoking

will be increased. It is not enough to raise over \$100 million in additional taxes from smokers and to spend \$1 million trying to prevent smoking or trying to bring the facts to Canadians about smoking.

• (1140)

Although the tendency to smoking is decreasing in Canadian society, recent particularly disturbing statistics show that among young female Canadians smoking is still increasing. Every year more young females in Canadian society are taking up smoking and are smoking more. It is a discouraging fact that as the movement for equality in the status of women with men in society has become more and more successful as women have begun to achieve equal access to the opportunities in Canadian society, one of the opportunities regrettably in which they are also moving to a level of equality is in smoking. It is particularly disturbing because smoking is very harmful to young women if they are pregnant, and I want to draw the attention of the House to that important fact. Smoking during pregnancy is recognized as a threat to the health not only of the mother but of the fetus.

I do not think it is enough for the Government to raise taxes on smoking by \$125 million for the current year and to put \$1 million of that into a general public information campaign about the dangers of smoking. I think the Government has to do a great deal more. It is disappointing for those of us who know that the social costs of smoking far outweigh the revenues derived by Government to see the Government proceeding in this way.

This increase in taxes will produce a marginal reduction in the number of people who smoke and in the amount they smoke. It will do very little to reach the target group about which I have been talking, and about which the federal Government should be doing something.

Ms. Lynn McDonald (Broadview—Greenwood): Mr. Speaker, in rising to speak today on Bill C-14, a bill to increase excise taxes I want to point out a lot of things that are wrong with this Bill, and with the Government's plans for taxation in a more general fashion. We should look at how excise taxes fit into the total package of taxation for Canadians and see the role that they increasingly play.

If we look at the fiscal plan for 1986-87 published by the Department of Finance we see that personal income taxes amount to \$37.7 billion; corporate income taxes to \$11.7 billion; unemployment insurance contributions to \$9 billion; sales tax to \$11.7 billion; customs to \$4.2 billion and miscellaneous taxes of various sorts to \$6.8 billion. The Government also manages to collect some non tax revenue to the tune of \$5.7 billion.

If we look at these figures we see that personal income tax is pretty high and corporate income tax is actually a little bit below sales tax. We are concerned about this. We know that 79,000 profitable Canadian corporations are not paying taxes at all. If the Government wants to increase taxes this is where